

MORAGLIONE
1922
ITALY



POH KONG
GALLERY



POH KONG



POH KONG
GALLERY



JADE GALLERY by POH KONG



DIAMOND & GOLD by POH KONG



diamond
BOUTIQUE



ORO BIANCO
by POH KONG



Headquarters : No. 16-20 Jalan 52/4, 46200 Petaling Jaya, Selangor Darul Ehsan
Tel : 603-7958 8999, 7956 3450 Fax : 603-7957 2404, 7958 8398

www.pohkong.com.my

POH KONG®

POH KONG HOLDINGS BERHAD
(586139-K)

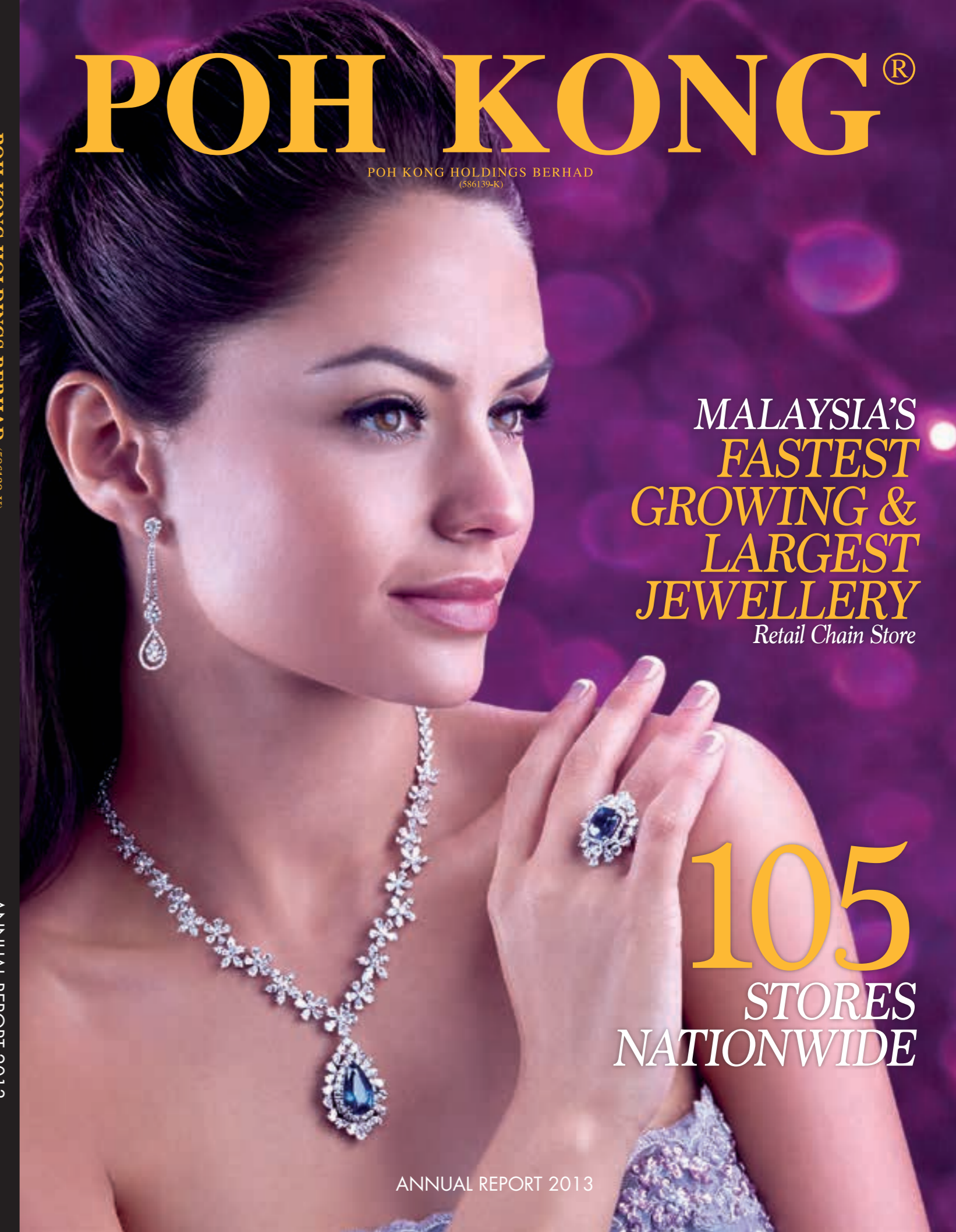
MALAYSIA'S
FASTEST
GROWING &
LARGEST
JEWELLERY
Retail Chain Store

105
STORES
NATIONWIDE

POH KONG HOLDINGS BERHAD (586139-K)

ANNUAL REPORT 2013

ANNUAL REPORT 2013



CORE BUSINESS PHILOSOPHY

Quality
Product
Service
Excellence
Craftsmanship



Value
Preference
Profit
Worth
Return-On-Investment

Trust
Reputation
Commitment
Honesty
Transparency



Choice
Design
Price
Location
Convenience

POH KONG®

HEADQUARTERS:

16-20, Jalan 52/4,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel: 603-7958 8999, 7956 3450
Fax: 603- 7957 2404, 7958 8398
www.pohkong.com.my

PETALING JAYA

- 19-23, Jalan SS2/55 Tel: 603-7874 7863
- Subang Parade Tel: 603-5635 1087
- 1 Utama Shopping Centre Tel: 603-7726 3868
- Sunway Pyramid Shopping Mall Tel: 603-7492 0972
- Amcorp Mall Tel: 603-7958 6030
- Summit City, Subang Jaya Tel: 603-8024 7350
- Giant Hypermarket, Bandar Kinrara Tel: 603-8075 5349
- Giant Hypermarket, Kota Damansara Tel: 603-6142 2898
- Tropicana City Mall Tel: 603-7728 2191
- Paradigm Mall Tel: 603-7886 7475
- Giant USJ 1 Tel: 603-8025 1193
- Encorp Strand Mall Tel: -

KUALA LUMPUR

- AEON, Taman Maluri Tel: 603-9285 8566
- AEON Alpha Angle, Wangsa Maju Tel: 603-4142 1688
- AEON, Metro Prima Shopping Centre Tel: 603-6258 6088
- AEON, Tmn Equine Shopping Centre Tel: 603-8941 6204
- AEON, Cheras Selatan Tel: 603-9076 9781
- AEON, AU2 Shopping Centre Tel: 603-4257 4282
- AEON Big Kepong Tel: 603-6259 3809
- Kompleks Permas Sogo Tel: 603-2698 5275
- Ampang Point Shopping Centre Tel: 603-4252 7375
- Pearl Point Shopping Mall Tel: 603-7981 3798
- Leisure Mall Tel: 603-9132 2417
- Spectrum Shopping Mall Tel: 603-4270 1039
- Parkson Grand, Selayang Mall Tel: 603-6136 7813
- Bangsar Shopping Centre Tel: 603-2093 3161
- The Mines Shopping Fair Tel: 603-8943 0759
- Mid Valley Megamall Tel: 603-2284 9636
- Plaza OUG, Old Klang Road Tel: 603-7981 7819
- The Store, Sri Petaling Tel: 603-9058 7693
- Pavilion, Lot 1.40.00 Tel: 603-2141 9090
- Axis Atrium Tel: 603-9200 7311
- Wangsa Walk Mall Tel: 603-4142 3963
- Pandan Kapital Tel: 603-4297 5301

SHAH ALAM

- Alam Sentral Plaza Tel: 603-5518 6116
- Plaza Shah Alam Tel: 603-5510 4201

KLANG

- AEON Big Klang Tel: 603-3342 5562
- AEON, Bukit Raja Shopping Centre Tel: 603-3342 8863
- Shaw Centre Point Tel: 603-3344 2863
- G07 - G09, Klang Parade Tel: 603-3344 1488

SUNGAI BULOH

- The Store Tel: 603-6157 6598

BANGI

- Bangi Utama Shopping Complex Tel: 603-8210 0500

KAJANG

- Plaza Metro Kajang Tel: 603-8734 5233
- The Store, Semenyih Sentral Tel: 603-8723 6571
- AEON Mahkota Cheras Shopping Centre Tel: 603-9074 9377

BANTING

- The Store Tel: 603-3187 0543

RAWANG

- AEON Anggun Rawang Shopping Centre Tel: 603-6093 3098

IPOH

- The Store Tel: 605-253 6717
- AEON Kinta City Shopping Centre Tel: 605-547 0013

SRI MANJUNG

- AEON Sri Manjung Tel: 605-687 0866

PENINSULAR MALAYSIA



- 1 Alor Setar
- 2 Sungai Petani
- 3 Prai
- 4 Penang
- 5 Taiping
- 6 Ipoh
- 7 Sri Manjung
- 8 Teluk Intan
- 9 Rawang
- 10 Sungai Buloh
- 11 Kuala Lumpur
- 12 Petaling Jaya
- 13 Klang
- 14 Shah Alam
- 15 Kajang
- 16 Bangi
- 17 Banting
- 18 Nilai
- 19 Seremban
- 20 Malacca
- 21 Muar
- 22 Batu Pahat
- 23 Johor Bahru
- 24 Kuantan
- 25 Kota Bharu



TELUK INTAN

- The Store Tel: 605-621 6024

NILAI

- Giant Superstore Tel: 606-799 1650

SEREMBAN

- The Store Seremban Tel: 606-762 4315
- Terminal One Tel: 606-762 7933
- The Store Centre Point Tel: 606-761 9366
- AEON, Seremban 2 Tel: 606-601 5505
- Kipmart, Senawang Tel: 606-677 0411

PRAI

- AEON, Seberang Prai City Shopping Centre Tel: 604-538 9726

PENANG

- Queensbay Mall Lot GF119 & GF120 Tel: 604-641 1560
- Queensbay Mall Lot GF43-A, GF45 & GF 46 Tel: 604-641 1572
- Mydin, Kompleks Bukit Jambul Tel: 606-641 3976
- Kompleks Bukit Jambul Tel: 606-642 4973

ALOR SETAR

- Star Parade Tel: 604-734 8021
- Alor Star Mall Tel: 604-772 5351

SUNGAI PETANI

- Aman Jaya Mall Tel: 604-440 0073

KUANTAN

- East Coast Mall Tel: 609-560 9988
- Kuantan Parade Shopping Mall Tel: 609-513 6299

KELANTAN

- KB Mall, Kota Bharu Tel: 609-741 2166

MALACCA

- AEON Shopping Centre Tel: 606-232 5188
- Mahkota Parade Tel: 606-282 1922

MUAR

- Wetex Parade Tel: 606-951 7718

JOHOR BAHRU

- AEON, Taman Universiti Tel: 607-521 3482
- AEON, Permas Jaya Tel: 607-388 9958
- AEON, Tebrau City Shopping Centre Tel: 607-354 7691
- AEON, Bukit Indah Shopping Centre, Lot G37 Tel: 607-236 9033
- AEON Mall Kulajaya Tel: 607-660 6000

BATU PAHAT

- Batu Pahat Mall Tel: 607-433 1918

RETAIL CONCEPT STORES

DIAMOND BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ Tel: 603-7492 0973
- AEON, Bukit Indah Shopping Centre, Lot G36, JB Tel: 607-236 9499
- AEON, Tebrau City Shopping Centre, Ground Floor, JB Tel : 607-353 6497

DIAMOND & GOLD

- 1 Utama Shopping Centre (Oval), PJ Tel: 603-7710 7260
- Mid Valley Mega Mall, KL Tel: 603-2282 8850
- Mahkota Parade, G14, Malacca Tel : 606-283 2470
- Tang's Genting First World, Pahang Tel: 603-6101 2485
- AEON, Bukit Tinggi, Klang Tel: 603-3326 2821
- AEON Station 18, Ipoh Tel: 605-322 3618
- AEON, Bandaraya Melaka Shopping Centre, Malacca Tel: 606-286 3120
- Tesco Station 18, Ipoh Tel: 605-322 8655
- Tesco Taiping Tel: 605-808 1333
- Tesco Seri Alam, JB Tel: 607-388 8796
- Tesco Melaka Cheng Tel: 606-334 3857
- Tesco Seremban Jaya Tel: 606-678 0298
- Tesco Putra Nilai Tel: 606-799 9626
- Tesco Ampang, KL Tel: 603-9282 5857
- Tesco Shah Alam Tel: 603-5519 3588
- Tesco Klang Tel: 603-3323 9021
- Tesco Melaka Tel: 606-288 2848
- Tesco Puchong Tel: 603-8076 5952
- Tesco Extra Cheras, KL Tel: 603-9132 4684
- Tesco Extra Seremban 2 Tel: 606-631 6068

GOLD BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ Tel: 603-7492 0973

JADE GALLERY

- AEON Bukit Raja Shopping Centre Tel: 603-3342 4120

ORO BIANCO

- AEON, Bukit Indah Shopping Centre, Lot G35, JB Tel: 607-236 9484

POH KONG GALLERY

- 16-20, Jalan 52/4 Tel: 603-7958 8999
- 46200 Petaling Jaya
- Pavilion, Kuala Lumpur Tel: 603-2141 7919



Quality

Product
Service
Excellence
Craftsmanship

CONTENTS

03	CORPORATE INFORMATION
05	CORPORATE STRUCTURE
06	5-YEAR GROUP FINANCIAL HIGHLIGHTS
07	CORPORATE MILESTONES
10	SIGNIFICANT HIGHLIGHTS 2013
16	BOARD OF DIRECTORS
17	PROFILE OF BOARD OF DIRECTORS
22	CHAIRMAN'S STATEMENT
25	CHAIRMAN'S STATEMENT (MALAY)
28	CHAIRMAN'S STATEMENT (CHINESE)
30	REVIEW OF OPERATIONS
32	CORPORATE SOCIAL RESPONSIBILITY
34	STATEMENT ON CORPORATE GOVERNANCE
49	REPORT OF THE AUDIT COMMITTEE
53	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
56	OTHER COMPLIANCE INFORMATION
57	STATEMENT ON DIRECTORS' RESPONSIBILITY
59	FINANCIAL STATEMENTS
155	ANALYSIS OF SHAREHOLDINGS
159	LIST OF PROPERTIES
164	NOTICE OF ANNUAL GENERAL MEETING
168	STATEMENT ACCOMPANYING NOTICE OF ELEVENTH ANNUAL GENERAL MEETING
	PROXY FORM

pg06



pg10



pg13



pg23



CORPORATE INFORMATION

BOARD OF DIRECTORS

Yg Bhg Dato' Choon Yee Seiong
Mr Cheong Teck Chong
Madam Choon Nee Siew
Mr Siow Der Ming
Mr Chang Kwong Him
Mr Choon Yee Bin
Dr Choong Tuck Yew
Encik Fazrin Azwar Bin Md Nor
Datin Shirley Yue Shou How

AUDIT COMMITTEE

Dr Choong Tuck Yew, Chairman
Encik Fazrin Azwar Bin Md Nor, Member
Datin Shirley Yue Shou How, Member

NOMINATION COMMITTEE

Encik Fazrin Azwar Bin Md Nor, Chairman
Dr Choong Tuck Yew, Member
Datin Shirley Yue Shou How, Member

REMUNERATION COMMITTEE

Datin Shirley Yue Shou How, Chairperson
Dr Choong Tuck Yew, Member
Encik Fazrin Azwar Bin Md Nor, Member
Dato' Choon Yee Seiong, Member

COMPANY SECRETARY

Ng Yim Kong (LS 0009297)

REGISTERED OFFICE

Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7804 5929 Fax: 03-7805 2559

CORPORATE OFFICE

No. 16-20, Jalan 52/4
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7958 8999 Fax: 03-7957 2404

AUDITORS

Messrs Baker Tilly Monteiro Heng (Firm No. AF 0117)

Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: 03-2297 1000 Fax: 03-2282 9980

SOLICITORS

Soo Thien Ming & Nashrah

1st Floor, No. 1 Jalan SS2/55
47300 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7874 8763 Fax: 03-7874 4314

PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)

Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: 03-2070 8833 Fax: 03-2078 4988

RHB Bank Berhad (6171-M)

Level 7, Tower Three, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-9287 3888 Fax: 03-9280 6167

United Overseas Bank (Malaysia) Bhd (271809-K)

Level 7, Menara UOB
Jalan Raja Laut
50738 Kuala Lumpur
Tel: 03-2692 7722 Fax: 03-2691 6073

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)

Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000 Fax: 03-7841 8151

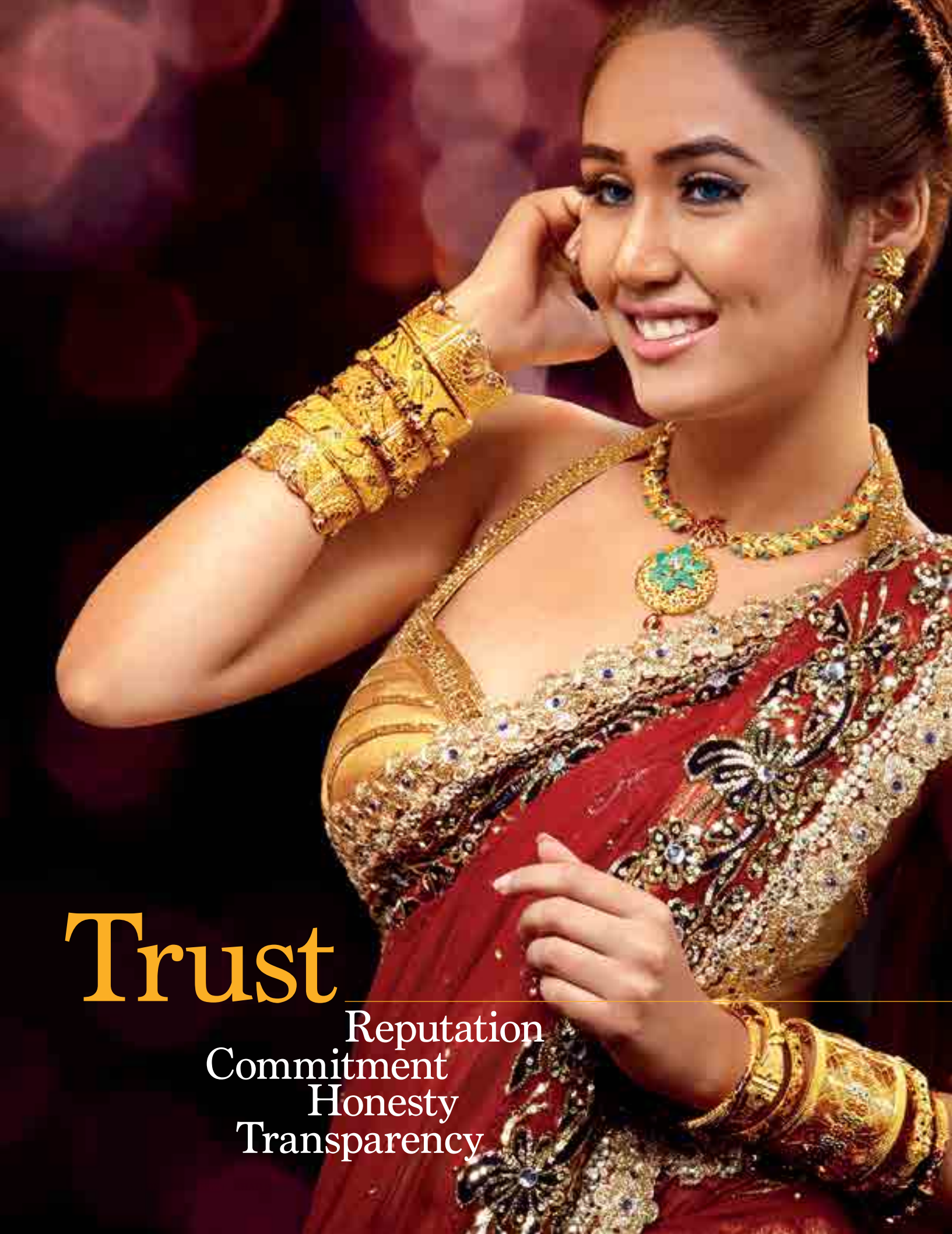
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad (Bursa Securities)

POH KONG

Website: www.pohkong.com.my
Web Portal: www.pohkong.listedcompany.com
Facebook: www.facebook.com/pohkongjewellers





Trust

Reputation
Commitment
Honesty
Transparency

CORPORATE STRUCTURE

Poh Kong
Holdings Berhad
100%



*Under member voluntary winding up.

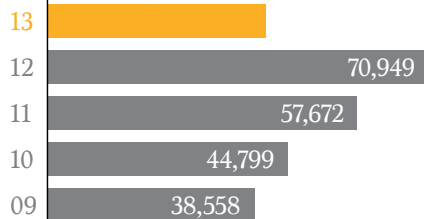
5 YEAR GROUP FINANCIAL HIGHLIGHTS

FYE 31 July - RM'000

	2009	2010	2011	2012	2013
Revenue	541,636	561,244	692,419	830,118	975,784
Profit before taxation	38,558	44,799	57,672	70,949	40,575
Taxation	(10,138)	(12,282)	(16,467)	(19,383)	(6,606)
Profit after taxation	28,420	32,517	41,205	51,566	33,969
Profit attributable to:-					
Equity holders of the Company	28,444	32,517	41,205	51,566	33,969
Non-Controlling Interests	(24)	-	-	-	-
	28,420	32,517	41,205	51,566	33,969

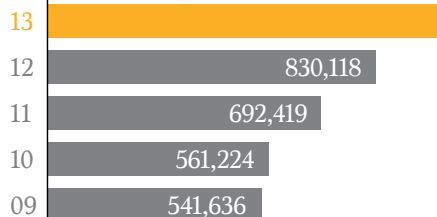
PROFIT BEFORE TAXATION (RM'000)

40,575



REVENUE (RM'000)

975,784



CORPORATE MILESTONES

1976

The story begins...



Poh Kong Jewellers (PKJ) was established on 26 March 1976 by one of the founders Dato' Eddie Choon, now Poh Kong Holdings Berhad's Executive Chairman & Group Managing Director, with its first outlet at Jalan 52/4, Petaling Jaya. This business address has been the Poh Kong Headquarters until today.

- PKJ opened its first branch in SS2, Petaling Jaya, taking up retail space of 1,500 sq ft and a workforce of 20 employees.
- PKJ opened another 13 branches.

1982 - 1992

2004

1993 - 2003

- Poh Kong was listed on the main board of Bursa Malaysia Securities Berhad on 9 March.
- Poh Kong opened its first Poh Kong Gallery, a stylish Italian Classic VIP lounge with 5,000 sq ft, on the 1st floor of its headquarters in Petaling Jaya.
- Poh Kong reached its 60th outlet in Peninsular Malaysia.

- PKJ upgraded all outlets with fully computerised point-of-sales and inventory systems.
- PKJ was made the exclusive distributor of Disney characters in gold in Malaysia.
- PKJ designer team won a gold medal for the "Golden Design Awards 1996," organized by the World Gold Council Europe in Italy.
- PKJ listed in The Malaysia Book of Records as the Largest Jewellery Retail Chain Store.
- PKJ raised RM100,000 for the Nanyang Press Foundation for education and training of underprivileged youths, through a charity campaign launched in its 50 retail outlets nation-wide.
- PKJ invested RM12 million to establish a 60,000 sq ft manufacturing facility in Shah Alam.



- Poh Kong launched its first in-house brand, Tranz in collaboration with the World Gold Council.
- PKJ celebrated its 25th Anniversary with the "Drive Home a Lotus Elise" Contest and a grand anniversary company dinner.
- Poh Kong was one of the sponsors in the Miss Tourism International Pageant under the auspices of the Ministry of Culture and Tourism.

CORPORATE MILESTONES

- Poh Kong ventured into the diamond cutting and polishing, sales, import and export of precious stones in collaboration with Hong Kong companies.
- Poh Kong opened its first franchise outlet in Complex Karamunsing, Kota Kinabalu in September as part of its retail expansion into East Malaysia.
- Poh Kong and Luca Carati, one of Italy's oldest and most prestigious jewellers launched the brand in Malaysia. Poh Kong is commemorated as the sole distributor in Malaysia.

2006

2009

2005

- Poh Kong established a franchise division.
- Poh Kong launched its 30th Anniversary "Million Ringgit Reward" with diamonds and gems for consumers.

2007

- Poh Kong was appointed as sole distributor for Schoeffel in Southeast Asia.
- Poh Kong Group participated in the International Trade Malaysia (INTRADE MALAYSIA 2007) exhibition organized by Matrade and supported by the Ministry of International Trade and Industry.

2010

- Poh Kong showcased in-house brands, Tranz and Anggun in the Malaysian Pavilion at the Shanghai World Expo 2010.
- Poh Kong launched its 35th Anniversary "Shining Years" Customers Rewards Campaign.



CORPORATE MILESTONES

- Poh Kong reached its 100th outlet in Peninsula Malaysia.
- Poh Kong launched an exclusive brand HEMERA™, the world's most brilliant diamond with 101 facets into the Malaysian market.
- Poh Kong set up its online sales channel via the Rakuten e-commerce portal and re-launched its websites with more user-friendly interface.

2011

2013

2012

- Poh Kong announced its partnership with Moraglione 1922 of Italy, one of Europe's finest and notable jewellers.
- Poh Kong was one of the winners of the Malaysian Retailer-Chains Association (MRCA) Elite Awards in recognition of its contributions towards the development of the retail chain industry.

2013

...and our journey continues



SIGNIFICANT HIGHLIGHTS 2013

EVENTS / LAUNCHES / CAMPAIGNS / ROAD SHOWS

ANNUAL EVENT

10th Annual General Meeting

Poh Kong Holdings Berhad held its Annual General Meeting for shareholders at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Kuala Lumpur on 31 January 2013.

NEW PRODUCTS

Poh Kong Gallery's Seasons of Grandeur Showcase

Poh Kong released its latest collection from Schoeffel of Germany, Luca Carati and Moraglione 1922, both from Italy, and Poh Kong Gallery's Collections at an exclusive preview at the KL Hilton in June 2013.

Featured were Schoeffel's breathtaking spectrum of apricot, pink and purple pearls, Luca Carati's luxury Cloud Collection jewellery of extraordinary craftsmanship, Moraglione 1922 masterpieces of coloured gems and Poh Kong Gallery's fine jewellery.

A Star Is Born ...Hemera

Poh Kong launched an exclusive new diamond Hemera of Belgium, the world's most brilliant diamond with 101 facets.

Hemera diamonds are not only a cut above but a true reflection of perfection that evokes the senses with its superior light performance. It is available exclusively at selected Poh Kong outlets, Poh Kong Gallery, Diamond & Gold and Diamond Boutique retail concept stores.

CAMPAIGNS

5th KL-PJ Wedding Fair

Poh Kong was main sponsor of the largest bridal fair in the Klang Valley featuring 30 top local bridal houses from SS2, Damansara, Sunway, Jalan Ipoh, Loke Yew and Cheras in the promotion held at the Mid Valley Exhibition Centre, KL from 17 – 19 May 2013.

Poh Kong displayed its popular Love Collection rings, Happy Love Oriental Wedding jewellery collection and

Hemera diamonds. One of the highlights of the campaign was interactive games organized for couples to win prizes.



SIGNIFICANT HIGHLIGHTS 2013



4



5



6



7



2

Photo Captions:

1. The Board of Directors at the AGM.
2. Dato' Eddie Choon (centre) Poh Kong Executive Chairman and Group MD and Datin Jennifer Hon of Poh Kong Holdings Berhad, with Ms Alice Choon (third from left), Poh Kong Group Merchandising Director, with models showcasing exclusive jewellery collections.
3. Model displaying exquisite jewellery pieces.
4. The Hemera diamond ring.
5. Mr Samuel Leong, Branch Manager, Poh Kong Jewellers –Mid Valley with the winning couples.
6. Visitors at Poh Kong's Wedding Fair jewellery display booths.
7. Quiz time – couples participating in the interactive games.

SIGNIFICANT HIGHLIGHTS 2013

EVENTS / LAUNCHES / CAMPAIGNS / ROAD SHOWS

Winners Experience Hot Air Balloon Proposals

Poh Kong hosted the grand finale event for 12 winning couples of the *Make Love Memoirs 'Announce Your Love to the World'* contest at Bukit Kiara Equestrian & Country Resort, KL on the auspicious date of 12 December 2012 (12.12.12).

The 12 couples with the "Best Proposals" comprising most heart-warming and original love declarations were rewarded with a once-in-lifetime date in hot air balloons which coincided with the last same-digit date of the century.



Photo Captions:

8. Mr Siow Der Ming (centre), Poh Kong Holdings Berhad Executive Director and Ms Christine Choon, Poh Kong Jewellery Manufacturer Sdn Bhd Managing Director, with the couples.
9. A group photo before taking off.
10. Unforgettable moment - a couple in the flying balloon.

SIGNIFICANT HIGHLIGHTS 2013



11



12

Poh Kong Goes To The Movies

Poh Kong teamed with renowned actor and producer Jack Lim to produce a special jewellery collection that was featured in the movie “Once Upon A Time” a comedy film which premiered in conjunction with the 2013 Chinese New Year festive celebrations.

At a gala premiere on January 25, Jack Lim led his cast members down the red carpet in exquisite, dazzling fine jewellery from Poh Kong, Poh Kong Gallery, including Luca Carati, Schoeffel, and Moraglione 1922 collections at Setia City Mall, Shah Alam. Poh Kong’s partnership with local talents and the production company was in support of the Malaysian film industry.



13



14



15

Photo Captions:

11. Jack Lim walking down the red carpet in Luca Carati diamonds, accompanied by his wife Veronica Ong, in Schoeffel pearls necklace and in jewellery from Poh Kong Gallery and their son.
12. (From left) Chen Keat Yoke aka Ah Yoke, Bernard Hiew and Wan Wai Fun. Both ladies were glittering in jewellery from Poh Kong Gallery.
13. Movie gala premier celebrities on the red carpet at Setia City Mall.
14. Jack Lim showcasing “The Magnificent Emperor Jade” a Poh Kong limited edition product specially made for the movie at a press and product launch.
15. Members of the cast posing with the Poh Kong special jewellery collection.

SIGNIFICANT HIGHLIGHTS 2013

EVENTS / LAUNCHES / CAMPAIGNS / ROAD SHOWS

AWARD

Smart Enforcement Award 2012

Poh Kong Jewellers (Seremban) Sdn Bhd has received the Star Rating Certificate for the outlet's performance at Terminal One Shopping Centre, Seremban from the Ministry of Domestic Trade, Cooperatives & Consumerism recently.

The Smart Enforcement Award was a practical initiative by the Ministry at selected trade outlets (STZ) that was aimed at creating a more conducive business environment by educating traders on the need to observe ethical shopping practices, consumer laws and regulations.

ROAD SHOWS

In conjunction with the various festive seasons, Poh Kong held roadshows nation-wide throughout the year to promote awareness of its products. In addition, the Company also organized exciting consumer activities and displayed a range of jewellery collections to bring its products closer to its customers.

Photo Captions:

16. Mr Albert Gan (left), Manager, Poh Kong Seremban Terminal One receiving the award from YB Tuan Haji Tun Hairudin bin Abu Bakar.
17. Poh Kong roadshows attracted large crowds of children, couples and families who experienced joy and satisfaction in these promotional events.
18. Local celebrities made guest appearances at Poh Kong Mahkota Parade's roadshow.
19. Choy San Yeh or 'God of Prosperity' during Chinese New Year was a crowd favourite as he gave red packets and mandarin oranges to shoppers at the Poh Kong Mahkota Roadshow.
20. Model showcasing the latest Tranz Nature Collection at Poh Kong AEON Seri Manjung's roadshow.
21. Model displaying in-house brand Poh Kong's Happy Love oriental jewellery collection at a Wedding Jewellery Show.
22. Models showing off Poh Kong's diamond jewellery collection that were superbly matched with their elegant evening gowns at a Wedding Jewellery Show.
23. Magic Shows are shoppers all-time hot favourite.
24. Pin Ball Lucky Draws - a customer won the RM10,000 Grand Prize at Poh Kong's AEON Station 18 roadshow.
25. Disney Drawing Competition - participants creatively at work at Poh Kong's Cheras Leisure Mall roadshow.
26. Winners displaying their art pieces.



SIGNIFICANT HIGHLIGHTS 2013



BOARD OF DIRECTORS

YANG BERBAHAGIA

DATO' CHOON YEE SEIONG

Executive Chairman and Group Managing Director

MR

CHEONG TECK CHONG

Executive Director

MADAM

CHOON NEE SIEW

Executive Director

MR

CHANG KWONG HIM

Executive Director

MR

SIOW DER MING

Executive Director

MR

CHOON YEE BIN

Executive Director

DR

CHOONG TUCK YEW

Senior Independent Non-Executive Director

ENCIK

FAZRIN AZWAR BIN MD NOR

Independent Non-Executive Director

DATIN

SHIRLEY YUE SHOU HOW

Independent Non-Executive Director



PROFILE OF BOARD OF DIRECTORS

YANG BERBAHAGIA

DATO' CHOON YEE SEIONG

Executive Chairman & Group Managing Director

Yg Bhg Dato' Choon Yee Seiong, age 59 years, a Malaysian, was appointed to the Board of Directors of Poh Kong Holdings Berhad (PKHB) as Executive Chairman & Group Managing Director on 13 January 2004. A visionary and influential leader, Dato' Choon was one of the founders of Poh Kong Jewellers Sdn Bhd (PKJ) in 1976 when he started a modest jewellery store in Petaling Jaya at the age of 22. He has since headed the Poh Kong Group which has evolved into the largest jewellery retail chain store in Malaysia with 105 outlets nationwide. He holds several directorships in the companies within the Group and he also serves as a member of the Remuneration Committee of PKHB since 2004.

Dato' Choon is responsible for the Group's overall direction, strategy, marketing, management policies, business expansion and operations. His ability to direct and manage his teams has seen Poh Kong's massive expansion in setting up retail stores in almost all major shopping malls in the country to better serve their customers. Under his leadership, a manufacturing facility in Shah Alam was established in 2001 to produce fine jewellery and gemsets exclusively for Poh Kong outlets which cater to the mass market segments of Malaysians from middle incomes to high net worth individuals. His commitment to run the business with discipline, sincerity,

loyalty, prudence and intelligence has been demonstrated to his managers and staff persistently. Over the years, he has proven that jewellery retailing is a meticulous hands-on business which requires resilience, focus, hard work, observation, perseverance and a positive mental attitude to succeed.

He has been a first-mover in the acquisition of brands and companies, the successful development of a portfolio of international and speciality brands, and pioneering retail concept stores. He was the prime mover in developing sole distributorship for world-renowned international jewellery brands, such as the Disney Collection, Schoeffel luxury pearls from Germany, Angel Diamond from Canada, Luca Carati and Moraglione 1922 diamonds and coloured gems jewellery from Italy. In 2013, the exclusive brand Hemera, the world's most brilliant 101 cut diamond, from Belgium was successfully launched.

He has won several domestic acclaim for his outstanding achievements as a leading jeweller. These include the "19 Years At The Top Award" given by Malaysia Tatler in 2008, "Super Star Of The Year 2008" by the Malaysian Retailer-Chains Association (MRCA), and recognition in the "MRCA Achievers Book 2010" for being one of the outstanding and leading entrepreneurs in the development of the retail chains industry for over two decades.

Dato' Choon was Founder President of the MRCA in 1992, that has provided an avenue for retail businesses networking among members to promote the healthy expansion of the retail industry, both locally and internationally. He was also former president of various goldsmith and jewellers associations in the country.

He is the spouse of Datin Hon Wee Fong. His sibilings Madam Choon Nee Siew, Madam Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders of the Company. His brothers-in-law Mr Siow Der Ming and Mr Chang Kwong Him are also shareholders of the Company. Mr Choon King Han is the son of Dato' Choon and his daughters, Ms Choon Ee Ling and Ms Choon Ee Teng are also shareholders of the Company.



PROFILE OF BOARD OF DIRECTORS

MR
CHEONG TECK CHONG
Executive Director

Mr Cheong Teck Chong, age 64 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004.

A veteran in the jewellery industry, he was a co-founder of PKJ in 1976. Mr Cheong began his career in the gold jewellery industry in 1967 and rose to the rank of General Manager in Lian Sin Pawnshop. He became a Partner of Lian Yik Goldsmith in 1972 until 1980. In 1982, he was appointed Managing Director of PKJ (SS2) Sdn Bhd, Petaling Jaya. Mr Cheong assists in the growth, development and expansion of the Group.

He also sits as a director of other companies within the Group and is a director and shareholder of Lian Sin Tang Sdn Bhd, Heng Seng Sdn Bhd and a director of Pajak Gadai Rakyat Sdn Bhd.

Mr Cheong is the spouse of Madam Pang Cheow Moi. Mr Cheong's sibling Madam Cheong Siew Loi @ Chong Kim Looi is also a shareholder of the Company. His children Ms Cheong Poh See and Mr Cheong Chee Kong are shareholders of the Company.

MADAM
CHOON NEE SIEW
Executive Director

Madam Choon Nee Siew, age 58 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004.

She brings with her more than 30 years of experience in the jewellery industry having held several portfolios over the years. She started her career in 1972 as a Sales Representative in Lian Yik Jewellery. In 1980, she left the company to join PKJ as a Sales Manager. Two years later, she was appointed Director of PKJ (SS2) Sdn Bhd and in 1991 was promoted to Managing Director of PKJ (Subang Parade) Sdn Bhd.

Her main responsibilities are in overseeing the daily retail operations and development of the Group. She also holds directorships of several other companies within the Group and with her vast experience in the jewellery retail trade has contributed invaluable to the Group's growth and development.

Madam Choon Nee Siew's siblings Dato' Choon Yee Seiong, Madam Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin, and Madam Choon Ching Yih are shareholders of the Company. Her brothers-in-law Mr Siow Der Ming and Mr Chang Kwong Him are also shareholders of the Company. Her children Ms Cheong Poh See and Mr Cheong Chee Kong are shareholders of the Company.

MR
CHANG KWONG HIM
Executive Director

Mr Chang Kwong Him, age 63 years, a Malaysian was re-appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012. He last served as Executive Director of PKHB from 2004 to 2007.

He joined Chang Kam Yee Sawmill in 1969 as Factory Manager. In 1982, he became a Director of PKJ (SS2) Sdn Bhd and in 1985, he returned as a Factory Manager at Chang Kam Yee Sawmill. He was appointed Managing Director of PKJ (The Mall) Sdn Bhd in 1987. Besides the Mall, he holds directorships of other companies within the Group.

In addition, he is also a Director of Chang Kam Yee & Sons Sdn Bhd which is involved in sawmilling, a Director of Ketyoh Sdn Bhd, a wood moulding works company, a Director of Rancang Duta Sdn Bhd, a Director of Superior Valve Development Sdn Bhd, and a Director of Pakatan Ladang Mulia Sdn Bhd.

Mr Chang is the spouse of Madam Choon Yoke Ying whose siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin, and Madam Choon Ching Yih are shareholders of the Company. He is also the brother-in-law of Mr Siow Der Ming who is a shareholder of the Company.

PROFILE OF BOARD OF DIRECTORS

MR SIOW DER MING *Executive Director*

Mr Siow Der Ming, age 56 years, a Malaysian was re-appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012. He last served as Executive Director of PKHB from 2004 to 2007.

Mr Siow graduated with a Bachelor of Science (Hons) degree majoring in chemistry from the University of Malaya in 1981. Soon after, he worked as a Chemist and Quality Control Executive with Kee Huat Industry Sdn Bhd in Shah Alam, a manufacturer of gas cookers and washing machines. In 1983, he left to join Metatrade Sdn Bhd as a Sales Marketing Executive in charge of the marketing of speciality and industrial chemicals. In 1986, he was promoted to Technical Manager at Metachem Sdn Bhd and was responsible for quality control, research and development in rubber chemicals.

He is a veteran in the jewellery industry with over 20 years experience. He joined Poh Kong in 1989 and was appointed Managing Director of Poh Kong Jewellers (Maluri) Sdn Bhd. In 2002, he was appointed Director of Poh Kong Jewellers (Franchise) Sdn Bhd in charge of the overall strategic management and operation of the Franchise Division. His main responsibility is managing daily operations at several retails, such as Jusco Maluri, Leisure Mall, Axis Atrium, Tesco Extra Cheras and Giant Kinrara. He also holds directorships of other companies within the Poh Kong Group.

He is the Deputy President of the Federation of Goldsmiths and Jewellers Associations of Malaysia (FGJAM) and President of the Goldsmith and Jewellers Association of Wilayah Persekutuan, Selangor, Negri Sembilan and Pahang.

Mr Siow is the spouse of Madam Choon Wan Joo whose siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Madam Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Mr Choon Yee Bin, and Madam Choon Ching Yih are shareholders of the Company. He is also the brother-in-law of Mr Chang Kwong Him who is a shareholder of the Company.

MR CHOON YEE BIN *Executive Director*

Mr Choon Yee Bin, age 45 years, was appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012.

He started his career as a goldsmith with Precious Jewellery Sdn Bhd in 1984 and a year later, was promoted to Production Supervisor. In 1991, Mr Choon was appointed Assistant Managing Director of Poh Kong Jewellery Manufacturer Sdn Bhd (PKJM). In 1994, he set up the wholesale division that sources a wide range of products for all the retail outlets under the Poh Kong Group.

Mr Choon has made significant contributions to the techniques used in the production of gold ornaments and the setting of precious and semi-precious stones. He oversees the marketing, wholesale, production and human resources departments of PKJM. He also holds directorships in other companies within the Group.

Mr Choon Yee Bin's sibilings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Madam Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, and Madam Choon Ching Yih are shareholders of the Company. His brothers-in-law Mr Siow Der Ming and Mr Chang Kwong Him are also shareholders of the Company.



PROFILE OF BOARD OF DIRECTORS

DR

CHOONG TUCK YEW

Senior Independent Non-Executive Director

Dr Choong Tuck Yew, age 75 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 13 January 2004. He was promoted to Senior Independent Non-Executive Director in 2005.

He possesses a DComSc, an MBA and is a Chartered Member of the Malaysian Institute of Accountants (MIA), and a member of the Malaysian Institute of Certified Public Accountants. He is also a Fellow of the CPA Australia, a Fellow of the Malaysian Association of the Institute of Chartered Secretaries and Administrators, a Fellow of the Chartered Taxation Institute of Malaysia, and a Chartered Fellow, as well as, a Chartered Audit Committee Director of the Institute of Internal Auditors, Malaysia.

In the early years of his career, Dr Choong worked as an accountant in several companies. In 1968, he joined Bank Negara Malaysia (Central Bank of Malaysia) and, in 1987, he was appointed as the Chief Manager of the Central Bank of Malaysia. In 1990, he was seconded as the Managing Director of Visia Finance Berhad, a licensed finance company. Currently, Dr Choong is the Deputy Chairman of C & C Investigation Services Sdn Bhd, a licensed private investigation company.

His other business interests include directorships at OSK-UOB Investment Management Berhad, OSK-UOB Islamic Fund Management Berhad and SCC Holdings Bhd.

Dr Choong was a Council Member of the World Association of Detectives. He has been a guest speaker at various conferences in Malaysia as well as abroad.

He is the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees of PKHB.

ENCIK

FAZRIN AZWAR BIN MD NOR

Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor, age 47 years, a Malaysian, was appointed to the Board of Directors of PKHB as a Non-Independent Non-Executive Director on 13 January 2004. He was later re-designated as an Independent Non-Executive Director in 2005.

An advocate and solicitor, Encik Fazrin was called to the Malaysian BAR in 1991 following his graduation with a Bachelor of Laws (LLB) Honours from University of Malaya in 1990. He is currently the Managing Partner of Messrs Azwar & Associates.

In listed companies, he holds the following positions: as an Independent Non-Executive Chairman of Mercury Industries Berhad and an Independent Non-Executive Director of Tong Herr Resources Berhad, Ire-Tex Corporation Berhad and Daya Materials Berhad. He was also previously an Independent Non-Executive Director of Englotechs Holding Berhad, Tek Seng Holdings Berhad and DPS Resources Berhad.

In non-listed companies, he holds the position as an Independent Non-Executive Director of Times Offset (M) Sdn Bhd. He is also a Non-Independent Non-Executive Director of Kuchinta Tenaga Hijau Sdn Bhd, Agni Power Sdn Bhd, Nirzaf Holdings Sdn Bhd and the Kuchinta Group of Companies.

He is also a member of the Malaysian Institute of Directors and the Internal Auditors Institute of Malaysia.

Encik Fazrin is the Chairman of the Nomination Committee, a member of the Remuneration Committee and a member of the Audit Committee of PKHB.

PROFILE OF BOARD OF DIRECTORS

DATIN

SHIRLEY YUE SHOU HOW

Independent Non-Executive Director

Datin Shirley Yue Shou How, age 65 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 23 January 2009.

Datin Yue has 24 years experience in the local and foreign luxury fashion retail, business development and consulting, and investment banking industry.

She was Managing Director/General Manager of Fine Lines, a company dealing with imported lady apparels and high-end bespoke orders from 1985 to 1993. Subsequently, she served as Investment Advisor of Credit Lyonnaise Securities (Asia) Ltd from 1993 to 1998 and was an Investment Banker of Soloman Smith Barney, and Citibank Singapore from 2000 to 2003. She has been a Director of Oilvest Engineering (M) Sdn Bhd & Elbex Holdings Sdn Bhd since 2004. She served as Boutique Manager of Chopard, Pavilion, Kuala Lumpur from 2007 to 2008.

Datin Yue holds a Graduate Diploma in Business Administration (post graduate degree) from the University of Western Sydney, Australia, a member of the Malaysian Institute of Management and a Chartered Audit Committee Director (CACD) of the Institute of Internal Auditors, Malaysia.

She is also the Chairperson of the Remuneration Committee, and a Member of the Nomination Committee and the Audit Committee of PKHB.



Save as disclosed above, none of the Directors has :

- any family relationship with any Directors and/or major shareholders of the Company.
- any conflict of interest with the Company.
- any conviction for offences within the past 10 years other than traffic offences, if any.

CHAIRMAN'S STATEMENT

DEAR VALUED
SHAREHOLDERS,

On behalf of the Board of Directors (“Board”) of Poh Kong Holdings Berhad (“the Company” or “PKHB”), I am pleased to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries (“the Group”) for the financial year ended 31 July 2013 (“FYE 2013”).



ECONOMIC FORECAST

The International Monetary Fund (IMF) reported that the world economy growth rate has been revised down to 2.9% in 2013 compared to its moderate growth of 3.2% in 2012 in gross domestic product (GDP) terms.

The Malaysian economy remained resilient in the midst of global uncertainties in advanced economies in 2013, such as the US debt ceiling, fiscal debt in Eurozone, a weaker Japanese economy and prospects of a slower Asian growth.

According to Bank Negara Malaysia (BNM), Malaysia achieved higher growth in 2012 with real GDP growing by 5.6% compared with 5.1% in 2011 despite a weaker external environment. BNM has revised and maintained its full-year growth forecast between 4.5% to 5.0% in 2013. However overall growth, driven by strong domestic demand helped offset the adverse effects of weaker external demand.

RETAIL OUTLOOK

The local gold and jewellery industry plays an important role in contributing to the economic growth in the country. It is set to grow in the retail sector among both local consumers and tourists. The industry is fairly resilient in nature. It has proven its ability to weather various economic cycles without seriously experiencing negative impact due mainly to strong consumer demand for gold.

Retail Group Malaysia (RGM), an independent retail research firm, has projected a 6% growth for the local retail sector in 2014, a lower than projected 6.2% growth in 2013. In view of this forecast, the Company will adopt a more cautious stance in retail expansion

and evaluate the various measures undertaken by the Government to encourage spending in the retail sector.

PKHB will continue to strive to further improve its earnings base and financial position by taking into consideration the global economic conditions, domestic economy, and fluctuations in gold prices.

In view of a less robust economic outlook next year, which may affect the private sector's financial performance, PKHB remains guarded for the remainder of the year and next year notwithstanding promotional efforts to encourage more shoppers, both local and foreign, in conjunction with Visit Malaysia Year 2014.

REVIEW OF FINANCIAL PERFORMANCE

The Group's sales revenue for the FYE 2013 increased by a commendable 18% to RM975.78 million as compared to the revenue of RM830.12 million in the previous FYE2012.

This represents a rise of RM145.66 million in sales. The increase in revenue was the result of stronger sales from the Group's operations, as well as higher contributions from new and existing stores by 3% and 15% respectively.

Pre-tax profit registered RM40.57 million in FYE2013, a decline of 43% or a decrease of RM30.37 million over the previous FYE2012 of RM70.94 million. Profit after tax at RM33.97 million for FYE2013 was lower compared to RM51.57 million in the corresponding period of FYE2012 reflecting a decline of 34% or RM17.60 million.

The decline in profit in FYE2013 was mainly due to sharp fluctuations in gold prices between the time of purchases of gold jewellery and their sales to

CHAIRMAN'S STATEMENT



customers. This time lag exposes Poh Kong's profit performance to volatile gold prices. Profit margins rise when gold prices increase and compress when prices fall. Although the steep drop in global gold prices from April to June triggered a gold rush creating a strong demand for gold jewellery and gold investment products, this plunge in gold prices at a two-year low inevitably affected Poh Kong's operating profits in FYE2013.

The Group, being mindful of the effects of the cyclicity on its operations, believes in the long-term prospects for gold in spite of its higher operations cost and volatility of gold prices. PKHB views the demand for gold as a stable, long-term investment.

The Group's net assets stood at RM442.52 million over the previous year of RM391.82 million.

REVIEW OF OPERATIONS

The Poh Kong Group is an integrated one-stop jeweller, from manufacturer to retailer of gems, diamonds, precious stones, gold jewellery and gold investment products in Malaysia.

With 37 years of experience, the Group has evolved from a modest outlet in Petaling Jaya to a full-fledged, retail chain store specialising in jewellery retailing nationwide. Today, the Group has a manufacturing facility in Shah Alam and 105 stores nationwide as at end-July 2013.

The Group's operation in the retail chain segment continues to be the dominant core business with a range of gold-based jewellery, gems and gold investment products as key revenue contributors.

RAM Ratings Services Berhad (RAM) has reaffirmed the AAA(fg) /Stable/P1 ratings of the Group's RM150 million Danajamin-Guaranteed Islamic Commercial Papers/ Islamic Medium-Term Notes Programme (2011/2018) (ICP/IMTN). The enhanced AAA(fg) long-term rating reflects the irrevocable and unconditional financial guarantee from Danajamin Nasional Berhad, which enhances the credit standing of the ICP/IMTN beyond the Group's stand-alone credit profile. RAM reported Poh Kong's stand-alone credit profile reflects the Group's established reputation and strong market position as Malaysia's largest retail jewellery chain.

On October 7, 2013, gold futures trading which allows retail investors and industry players to hedge against the uncertainties of gold prices was introduced by Bursa Malaysia. Gold future contracts traded on Bursa Malaysia Derivatives has no significant impact on the Group's business as Poh Kong retails in physical gold bullions including finished gold jewellery and gems.

Additional information on review of operations are detailed separately on pages 30 - 31 in this Annual Report.

MARKETING AND BRANDING

Poh Kong is synonymous with design excellence, meticulous craftsmanship and exceptional quality jewellery ranging from gold to diamonds and gems. Its brands are recognised as household names in Malaysia and abroad.

Poh Kong's expansion in setting up outlets in booming commercial and residential townships are strategically located for convenience and easy accessibility, as well as providing a total shopping experience to its customers.

Expanding product offerings are geared to meet the unique demands of different customer profiles. Poh Kong's in-house brands, Tranz, Happy Love, Anggun and The Art of Auspicious Jewellery successfully gained popularity with its innovative design, superior quality and meticulous craftsmanship in yellow-gold jewellery. Poh Kong continues to enhance its Love Collection wedding bands and rings in yellow, white, rose gold, as well as in platinum, which caters to rising consumer demands in these segments.

Poh Kong differentiates its retail concept to meet the needs of a range of shoppers with speciality stores, via its Poh Kong Gallery, Jade Gallery, Gold Boutique, Diamond & Gold, Diamond Boutique and Oro Bianco.

The Group is also associated with world-renowned international jewellery brands, such as Schoeffel pearls from Germany, Luca Carati and Moragione 1922 diamonds and coloured gems jewellery from Italy.

In identifying the rising demand for quality diamonds, Poh Kong successfully launched the exclusive brand Hemera, the world's most brilliant 101 cut diamond, a breakthrough in its superior light performance which gained overwhelming positive response from the market.

To foster stronger ties with its consumers, Poh Kong has collaborated and supported local industries, such as sponsoring local movie production and giving awards for local talents in the field of arts and creative communications.

CHAIRMAN'S STATEMENT

In attracting a younger generation of consumers, Poh Kong initiated creative campaigns, such as *Make Love Memoirs*, by short-listing 12 lucky couples to propose to each other in hot air balloons on the most significant digital date of the century 12.12.12 (12 December 2012).

As a further initiative on various interactive platforms, Poh Kong set up its on-line sales channel via the Rakuten eCommerce portal and re-launched its website with a more user-friendly interface.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group fully subscribes to the principles and practices of corporate social responsibility and its CSR initiatives are set out separately on pages 32 - 33 in this Annual Report.

FUTURE PROSPECTS

Despite the uncertainties of a global economy, we continue to look forward to the future with confidence that our business will remain stable in 2013 and beyond.

Moving ahead, the Group plans to continue in its drive to build a larger market share by enhancing and differentiating its product offerings to larger and targeted segments and to search for right products at favourable price points and mix to add value to consumers. It also plans to extend its investment in brand development.

Poh Kong's main growth strategy is in the continuous expansion of conveniently located outlets at strategic locations nationwide.

Barring unforeseen circumstances, the Board of Directors remains cautiously optimistic and forecasts positive performance of the Group for FYE2014.

EARNINGS PER SHARE

The basic earnings per share for FYE2013 stands at 8.28 sen (FYE2012: 12.57 sen).

DIVIDEND

The Board of Directors recommend a first and final single tier dividend of 1.40 sen per ordinary share of RM0.50 each in respect of FYE2013 (FYE2012: 1.50 sen single tier dividend per ordinary share of RM0.50 each). The proposed dividend will be subject to shareholders' approval at the forthcoming 11th Annual General Meeting to be held on 10 January 2014.

ACKNOWLEDGEMENTS

On behalf of the Board, I take this opportunity to thank the Management and Staff for their loyalty, dedication and unflinching commitment in taking PKHB through another challenging year.



Finally, I also would like to express my gratitude to our valued customers, shareholders, business associates, bankers, financiers, suppliers, partners, consultants, Government authorities and my fellow directors for their continuous support and confidence in the Group.

DATO' CHOON YEE SEIONG
Executive Chairman & Group Managing Director

Petaling Jaya
19 December 2013

PENYATA PENGERUSI



PEMEGANG- PEMEGANG SAHAM YANG DIHORMATI,

Bagi pihak Lembaga Pengarah (“Lembaga”) Poh Kong Holdings Berhad (“Syarikat” atau “PKHB”), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit Syarikat dan anak-anak syarikatnya (“Kumpulan”) bagi tahun kewangan berakhir 31 Julai 2013 (“FYE 2013”).

RAMALAN EKONOMI

Tabung Kewangan Antarabangsa (IMF) melaporkan bahawa kadar pertumbuhan ekonomi dunia telah disamak menurun kepada 2.9% pada tahun 2013 berbanding dengan pertumbuhan sederhananya sebanyak 3.2% pada tahun 2012 dari segi keluaran dalam negeri kasar (KDNK).

Ekonomi Malaysia kekal berdaya tahan di sebalik ketidaktentuan global dalam ekonomi-ekonomi maju pada tahun 2013, seperti krisis hutang US, hutang fiskal di zon Euro, ekonomi Jepun yang lebih lemah dan prospek pertumbuhan Asia yang lebih perlahan.

Menurut Bank Negara Malaysia (BNM), di sebalik persekitaran luar yang lemah, Malaysia telah mencapai pertumbuhan yang lebih tinggi pada tahun 2012 dengan KDNK benar berkembang sebanyak 5.6% berbanding dengan 5.1% pada tahun 2011. BNM telah menyemak semula dan mengekalkan ramalan pertumbuhan tahun sepenuhnya antara 4.5% hingga 5.0% pada tahun 2013. Pertumbuhan keseluruhan telah dipacu oleh permintaan domestik yang kukuh yang mengimbangi kesan kurang baik akibat permintaan luar yang agak lemah.

TINJAUAN RUNCIT

Industri emas dan barang kemas tempatan memainkan peranan penting dalam menyumbang kepada pertumbuhan ekonomi di negara ini dan bersedia untuk berkembang dalam sektor runcit dalam kalangan pengguna tempatan dan pelancong. Industri ini bersifat agak berdaya tahan dan telah membuktikan keupayaannya dalam mengharungi pelbagai kitaran ekonomi tanpa mengalami kesan negatif yang serius terutamanya disebabkan oleh permintaan pengguna yang kukuh terhadap emas.

Retail Group Malaysia (RGM), sebuah firma penyelidikan runcit bebas, telah mengunjurkan pertumbuhan sebanyak 6% bagi sektor runcit tempatan pada tahun 2014, lebih rendah daripada unjuran pertumbuhan sebanyak 6.2% pada tahun 2013. Mengambil kira ramalan ini, Syarikat akan mengambil pendekatan yang lebih berhati-hati dalam pengembangan runcit dan menilai beberapa langkah yang telah dilaksanakan oleh Kerajaan untuk menggalakkan perbelanjaan dalam sektor runcit ini.

PKHB akan terus berusaha untuk meningkatkan lagi asas perolehan dan kedudukan kewangannya dengan mengambil kira keadaan ekonomi global, ekonomi domestik, dan naik turun harga emas.

Mengambil kira keadaan ekonomi yang dijangka kurang memberangsangkan pada tahun hadapan, yang mungkin menjejaskan prestasi kewangan sektor swasta, PKHB masih berhati-hati untuk tempoh selebihnya bagi tahun ini dan tahun hadapan di sebalik usaha-usaha promosi untuk menggalakkan lebih ramai pembeli-belah, sama ada tempatan mahupun asing, seiring dengan kempen Tahun Melawat Malaysia 2014.

ULASAN MENGENAI PRESTASI KEWANGAN

Hasil jualan Kumpulan bagi FYE 2013 telah meningkat pada kadar yang memberangsangkan sebanyak 18 % kepada RM975.78 juta berbanding dengan hasil sebanyak RM830.12 juta dalam FYE2012 yang lepas.

Ini merupakan peningkatan sebanyak RM145.66 juta dalam jualan. Peningkatan hasil ini adalah berpunca daripada jualan yang lebih kukuh daripada operasi Kumpulan, serta sumbangan yang lebih tinggi daripada saluran kedai baru dan kedai sedia ada masing-masing sebanyak 3% dan 15%.

PENYATA PENGERUSI



Keuntungan pra-cukai mencatat RM40.57 juta pada FYE2013, berkurangan sebanyak 43% atau RM30.37 juta berbanding FYE2012 yang lepas sebanyak RM70.94 juta. Keuntungan selepas cukai sebanyak RM33.97 juta bagi FYE2013 adalah lebih rendah berbanding dengan RM51.57 juta dalam tempoh yang sama bagi FYE2012 mencerminkan penurunan sebanyak 34% atau RM17.60 juta.

Penurunan dalam keuntungan pada FYE2013 terutamanya berpunca daripada naik turun mendadak dalam harga emas antara masa pembelian barang kemas emas dan jualannya kepada pelanggan. Sela masa ini mendedahkan prestasi keuntungan Poh Kong kepada naik turun harga emas. Margin keuntungan meningkat apabila harga emas meningkat dan mengecil apabila harga emas jatuh. Kejatuhan mendadak harga emas global dari April hingga Jun telah mencetuskan situasi kerubut emas yang mewujudkan permintaan yang kukuh bagi barang kemas emas dan produk pelaburan emas. Walau bagaimanapun, kejatuhan mendadak harga emas pada paras terendah sepanjang tempoh dua tahun pastinya menjejaskan keuntungan operasi Poh Kong pada FYE2013.

Kumpulan, dengan mengambil sikap berhati-hati terhadap kesan bermusim operasinya, percaya terhadap prospek jangka panjang bagi emas meskipun berdepan dengan kos operasinya yang lebih tinggi dan naik turun harga emas. PKHB melihat permintaan bagi emas sebagai pelaburan jangka panjang yang stabil.

Aset bersih Kumpulan adalah sebanyak RM442.52 juta berbanding tahun sebelumnya sebanyak RM391.82 juta.

ULASAN OPERASI

Kumpulan Poh Kong adalah tukang emas sehenti bersepadu, daripada pengilang hinggalah peruncit permata, berlian, batu permata, barang kemas emas dan produk pelaburan emas di Malaysia.

Dengan pengalaman selama 37 tahun, Kumpulan telah berkembang daripada sebuah kedai yang sederhana di Petaling Jaya kepada kedai rantaian runcit serba lengkap yang mengkhusus dalam peruncitan barang kemas di seluruh negara. Hari ini, Kumpulan mempunyai kemudahan pengilangan di Shah Alam dan 105 kedai di seluruh negara setakat akhir-Julai 2013.

Operasi Kumpulan dalam segmen rantaian runcit terus menjadi perniagaan teras yang dominan dengan rangkaian barang kemas berasaskan emas, permata dan produk pelaburan emas sebagai penyumbang hasil utama.

RAM Ratings Services Berhad (RAM) telah mengesahkan semula penarafan AAA(fg) /Stable/P1 bagi Program Surat Niaga Perdagangan Islam Dijamin-Danajamin/Nota Berjangka Sederhana Islam (2011/2018) (ICP/IMTN) Kumpulan. Penarafan jangka panjang AAA(fg) yang dipertingkatkan mencerminkan jaminan kewangan tidak boleh ditarik balik dan tidak bersyarat daripada Danajamin Nasional Berhad, yang meningkatkan kedudukan kredit ICP/IMTN melangkaui profil kredit sendiri Kumpulan. RAM melaporkan profil kredit sendiri Poh Kong mencerminkan reputasi Kumpulan yang mantap dan kedudukan pasaran yang kukuh sebagai rantaian barang kemas runcit terbesar Malaysia.

Pada 7 Oktober 2013, dagangan niaga hadapan emas yang membolehkan pelabur-pelabur runcit dan pengusaha-pengusaha industri melindungi nilai

terhadap ketidakpastian harga emas telah diperkenalkan oleh Bursa Malaysia. Kontrak niaga hadapan emas didagangkan pada Derivatif Bursa Malaysia tidak memberi kesan ketara ke atas perniagaan Kumpulan memandangkan Poh Kong membuat jualan runcit dalam bulion emas fizikal termasuk barang kemas emas dan permata siap.

Maklumat tambahan mengenai ulasan operasi diperincikan secara berasingan pada muka surat 30 - 31 dalam Laporan Tahunan ini.

PEMASARAN DAN PENJENAMAAN

Poh Kong adalah sinonim dengan kecemerlangan rekaan, ketelitian ketukangan dan kualiti barang kemas yang luar biasa berkisar daripada emas hinggalah berlian dan permata. Jenama-jenamanya menjadi sebutan ramai di Malaysia dan di luar negara.

Pengembangan Poh Kong dalam pembukaan kedai-kedai di kawasan perdagangan dan perbandaran kediaman yang berkembang pesat adalah dibuat secara strategik untuk kemudahan dan mudah diakses, serta memberikan pengalaman membeli-belah yang sepuas-puasnya kepada pelanggan-pelanggannya.

Perluasan penawaran produk dilakukan untuk memenuhi permintaan unik daripada profil pelanggan yang berlainan. Jenama-jenama sendiri Poh Kong, seperti Tranz, Happy Love, Anggun dan The Art of Auspicious Jewellery telah berjaya mendapat sambutan yang menggalakkan dengan rekaan inovatifnya, kualiti terunggul dan hasil ketukangan yang teliti dalam barang kemas emas kuning. Poh Kong terus mempertingkatkan produk cincin

PENYATA PENGERUSI

perkahwinan Love Collection miliknya dalam warna kuning, putih, emas mawar, serta platinum, yang memenuhi permintaan pengguna yang semakin meningkat dalam segmen ini.

Poh Kong membezakan konsep runcitnya untuk memenuhi keperluan pelbagai golongan pembeli-belah dengan kedai khusus, melalui Poh Kong Gallery, Jade Gallery, Gold Boutique, Diamond & Gold, Diamond Boutique dan Oro Bianco miliknya.

Kumpulan juga dikaitkan dengan jenama-jenama barang kemas antarabangsa terkenal dunia, seperti mutiara Schoeffel dari Jerman, berlian Luca Carati dan Moraglione 1922 dan barang kemas permata berwarna dari Itali.

Dalam mengenal pasti permintaan yang semakin meningkat terhadap berlian berkualiti, Poh Kong telah berjaya melancarkan jenama eksklusif Hemera, berlian yang paling berkilau di dunia dengan 101 keratan. Ini adalah satu kejayaan besar dalam prestasi cemerlangnya yang mendapat sambutan hebat di pasaran.

Untuk memupuk hubungan yang lebih erat dengan pelanggan-pelanggannya, Poh Kong telah bekerjasama dan memberi sokongan kepada industri-industri tempatan, seperti menaja produksi filem tempatan dan memberi anugerah kepada bakat-bakat tempatan dalam bidang kesenian dan komunikasi kreatif.

Bagi menarik pengguna muda, Poh Kong telah memperkenalkan kempen-kempen kreatif, seperti *Make Love Memoirs*, yang menyenarai pendek 12 pasangan bertuah untuk melamar antara satu sama lain dalam belon udara panas pada tarikh digital paling bermakna abad ini 12.12.12 (12 Disember 2012).

Sebagai inisiatif selanjutnya atas pelbagai platform interaktif, Poh Kong menubuhkan saluran jualan dalam taliannya melalui portal Rakuten eCommerce dan melancarkan semula laman webnya dengan antara muka yang lebih mesra pengguna.

TANGGUNGJAWAB SOSIAL KORPORAT (CSR)

Kumpulan mematuhi sepenuhnya prinsip dan amalan tanggungjawab sosial korporat dan inisiatif CSRnya dibentangkan secara berasingan pada muka surat 32 - 33 dalam Laporan Tahunan ini.

PROSPEK MASA HADAPAN

Di sebalik ketidakpastian ekonomi global, kami terus memandang jauh ke hadapan dengan penuh keyakinan bahawa perniagaan kami akan kekal stabil pada tahun 2013 dan tahun-tahun mendatang.

Maju ke hadapan, Kumpulan merancang untuk meneruskan usahanya bagi membina bahagian pasaran yang lebih besar dengan menambah dan membezakan penawaran produknya kepada segmen yang lebih besar dan segmen-segmen sasaran serta mencari produk yang menarik dari segi harga dan campuran untuk menambah nilai kepada pengguna. Ia juga merancang untuk mengembangkan pelaburannya dalam pembangunan jenama.

Strategi pertumbuhan Poh Kong adalah untuk terus mengembangkan rangkaian kedai-kedai di lokasi-lokasi strategik di seluruh negara.

Dalam ketiadaan keadaan di luar jangkaan, Lembaga Pengarah agak optimis dan meramalkan Kumpulan akan mencapai prestasi yang memberangsangkan bagi FYE2014.

PEROLEHAN SETIAP SAHAM

Perolehan asas setiap saham bagi FYE2013 adalah 8.28 sen (FYE2012: 12.57 sen).

DIVIDEN

Lembaga Pengarah mencadangkan dividen satu tier pertama dan akhir sebanyak 1.40 sen setiap saham biasa bernilai RM0.50 sesaham berhubung dengan FYE2013 (FYE2012: 1.50 sen dividen satu tier setiap saham biasa bernilai RM0.50 sesaham). Cadangan dividen adalah tertakluk kepada kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan Ke-11 yang akan diadakan pada 10 Januari 2014.

PENGHARGAAN

Saya bagi pihak Lembaga, ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada Pengurusan dan Kakitangan atas kesetiaan, dedikasi dan komitmen tidak berbelah bahagi mereka dalam membawa PKHB mengharungi satu lagi tahun yang mencabar.

Akhir sekali, saya juga ingin mengucapkan terima kasih kepada para pelanggan yang dihargai, pemegang saham, rakan niaga, jurubank, pembiaya, pembekal, rakan kongsi, perunding, pihak berkuasa Kerajaan dan rakan sejawat saya atas sokongan dan keyakinan berterusan mereka terhadap Kumpulan.

DATO' CHOON YEE SEIONG

Pengerusi Eksekutif & Pengarah Urusan Kumpulan

Petaling Jaya
19 Disember 2013

主席 报告

致尊敬的
股东，

我谨代表宝光控股有限公司(“本公司”或“PKHB”)董事会(“董事会”)欣然提呈本公司及各子公司(“本集团”)截至2013年7月31日之财政年(“2013财政年”)的年度报告和已审计财务报告。



经济 预测

国际货币基金组织的报告显示，2013年的世界经济成长率已被下调至2.9%，相比之下，2012年的适中成长率为3.2%，两者皆按国内生产总值计算。

在全球状况不明朗，先进经济体如美国的举债上限危机，欧元区的财政债务问题，日本经济疲弱及亚洲经济成长率可能放缓之际，马来西亚的经济仍保持具有弹性。

据马来西亚中央银行透露，尽管外在环境不利，马来西亚依然在2012年取得5.6%的实际国内生产总值成长率，相较于2011年的5.1%。马来西亚中央银行也下调它对2013年的全年成长预测为4.5%至5.0%。整体成长率在强劲国内需求推动下成功抵销了外在需求疲弱的不利影响。

零售 业务展望

本地金饰珠宝业在为国家的经济增长作出贡献方面扮演重要角色，并势必在包括本地消费人和旅客的零售领域取得增长。这个行业在本质上相当具有弹性，并已证明它能够承受各种经济周期而不致于受到严重负面影响，主要因消费人对黄金之需求强劲所造成的。

Retail Group Malaysia (RGM)，即一家独立零售调查机构，预测本地零售业可于2014年取得6%成长率，比在2013年预测的6.2%成长率为低。基于这项预测，本公司将在扩展零售业务方面采取更谨慎的立场和评估政府为了鼓励零售领域之消费而推行的各项措施。

PKHB将继续努力改善其收益基础和财务状况，即考量全球经济状况，国内经济，以及金价的波动。

鉴于明年的经济展望缺乏冲劲而可能影响私人领域的财务表现，PKHB将于今年最后几个星期和明年继续步步为营，但依然会配合2014马来西亚旅游年而推行促销活动，以鼓励更多国内外购物者消费。

财务 表现检讨

在2013财政年，宝光集团取得可观的18%营业额增长率，而达到RM9亿7千5百78万，相比之下，2012财政年的营业额为RM8亿3千零12万。

这显示销售额激增RM1亿4千5百66万。营业额增加可归功于本集团的营运带来更强劲的销售，以及新分店及和现有分店分别作出3%和15%的更大贡献。

2013财政年的RM4千零57万扣税前盈利比先前之2012财政年的RM7千零94万滑落43%或减少了RM3千零37万。2013财政年的RM3千3百97万扣税后盈利比2012财政年同时期的RM5千1百57万为低，即滑落34%或RM1千7百60万。

2013财政年的盈利减少主要是因为购入金饰珠宝和售予顾客之间的黄金价格剧烈波动。这段时差使到宝光的盈利表现受到金价波动影响。其利润因金价上扬而增加，反之因金价下跌而收窄。全球金价在四月至六月急降引起了一阵买金热潮，导致金饰珠宝和黄金投资产品的需求强劲。然而，金价暴跌至两年来的低点无可避免地影响了宝光在2013财政年的营运盈利。

本集团非常清楚周期性波动对其营运的影响，尽管黄金的营运成本偏高且金价波动，我们仍然相信黄金的长期前景。PKHB认为黄金是稳定，长期的投资选项。

本集团的净资产已由前一年的RM3亿9千1百82万增至RM4亿4千2百52万。

营运 检讨

宝光集团是一家综合一站式珠宝商，它在马来西亚从事宝石，钻石，金饰珠宝和黄金投资产品的制造乃至零售业务。

本集团拥有37年历史，它已由八打灵再也一家规模适中的分店茁壮成为全方面，在全国各地专营珠宝零售业务的连锁零售店。在目前，本集团在莎亚南拥有一家制造厂，截至2013年7月底在全国各地拥有105家分店。

主席 报告

本集团在连锁零售领域的营运依然是其占主导地位的核心业务,为其营业额作出重要贡献的包括一系列金制珠宝,宝石和黄金投资产品。

RAM评级服务有限公司(RAM)已重新肯定它授予本集团之RM1亿5千万,由Danajamin担保的回教式商业票据/回教式中中期票据计划(2011/2018年)(ICP/IMTN)的AAA(fg)/稳定/P1评级。该已提升的AAA(fg)长期评级反映了Danajamin Nasional有限公司所给予的不可撤销兼无条件财务担保,这提升了该ICP/IMTN的信誉地位而超逾本集团的独立信誉地位。RAM指宝光集团的独立信誉地位反映了本集团作为马来西亚声誉最佳和市场地位最强之最具规模连锁零售珠宝行的盛誉。

在2013年10月7日,马来西亚证券交易所推介了黄金期货交易,它允许散户投资者及业者对不明朗的金价进行对冲。在马来西亚衍生产品交易所交易的黄金期货合约对本集团的业务并无显著影响,这是因为宝光从事实物金块的零售业务,包括金饰珠宝制成品和宝石。

本集团营运检讨的额外资料已另行列于本年度报告的第30至31页。

营销和 品牌建立

宝光是设计优异,工艺精湛且出众之黄金乃至钻石及宝石等优质金饰珠宝的代名词。其品牌备受认同和在马来西亚及海外家喻户晓。

宝光在欣欣向荣之商业和住宅市镇设立分店的扩展计划皆位于策略性地点,以便为其顾客带来方便和交通便利,并提供全面的购物体验。扩增产品种类是在于满足不同层面顾客的独特需求。

宝光的内部品牌,Tranz, Happy Love, Anggun和The Art of Auspicious Jewellery皆成功通过其创新的设计,优越素质及精湛的黄金珠宝工艺而广受欢迎。宝光继续提升其Love Collection结婚戒指以及黄,白,玫瑰金及白金戒指,其是迎合该市场的日益增长消费者需求。

宝光与众不同的零售概念是在于通过Poh Kong Gallery, Jade Gallery, Gold Boutique, Diamond & Gold, Diamond Boutique和Oro Bianco等专属分店来迎合各种顾客的需求。

本集团也与享誉全球的国际品牌携手合作,例如来自德国的Schoeffel珍珠,来自意大利的Luca Carati和Moraglione 1922钻石及彩色宝石珠宝。

鉴于优质钻石的需求日益增长,宝光已成功推介高级品牌Hemera,即全球最灿烂的101切割钻石,光线折射表现的突破使到它在市场上获得热烈的反应。

为了促进它与消费人之间的更坚定关系,宝光与本地业界进行合作和提供援助,例如赞助本地制作的电影和颁奖予艺术和创意传播领域的本地人才。为了吸引年轻一代的消费人,宝光发起了多项创意活动,例如Make Love Memoirs,以遴选12对幸运的情侣在本世纪最重要的数码日期12.12.12(2012年12月12日)登上热气球上向对方求婚。

在另一项善用各种互动式平台的倡议下,宝光通过Rakuten eCommerce门户网站设立了网上销售管道,并重新推介其更具用户亲和力的网站。

企业 社会责任(CSR)

本集团全面遵照企业社会责任的原则和实践法,我们的各项企业社会责任倡议已列于本年度报告的第32至33页。

未来 展望

尽管全球经济展望不明朗,我们继续充满信心地展望未来,即我们的业务将于2013年及之后保持稳定。

放眼未来,本集团计划继续努力推高市场份额,即通过提升和多样化献予各顾客群的产品系列,以及寻觅价位有利的适宜产品和种类为消费者增值。它也有意扩展其投资至品牌开发方面。



宝光的成长策略为持续在全国各地的策略性地点增设占地利优势的分店。

若无出现不可预见的情况,董事会保持谨慎乐观态度和预测本集团可在2014财政年取得正面表现。

每股 收益

2013财政年的基本每股收益是8.28分(2012财政年:12.57分)。

股息

董事会建议在2013财政年派发每一RM0.50普通股1.40分的首期和终期单层次股息(2012财政年:每一RM0.50普通股1.50分的首期和终期单层次股息)。此建议股息须在2014年1月10日举行的第11届年度大会上获得股东通过。

鸣谢

我谨藉此机会代表董事会感激管理层和员工们对公司忠心不二,献身精神和不懈的承诺,让PKHB顺利度过另一个具挑战性的年头。

最后,我谨此衷心感谢本公司尊贵的顾客,股东,来往商家,银行,融资机构,供应商,伙伴,咨询顾问,政府当局,以及诸位董事继续支持和信赖本集团。

拿督钟义翔
执行主席兼集团董事经理

2013年12月19日
于八打灵再也

REVIEW OF OPERATIONS

INTRODUCTION

From humble beginnings, Poh Kong Holdings Berhad built its business on passion and integrity 37 years ago in Petaling Jaya, and has today grown into a successful retail industry hitting close to a billion ringgit in sales volume.

The eye-catching yellow Poh Kong signage in bold capital letters immediately evokes a sense of recognition among the mass Malaysian consumers, regardless of background.

PKHB Group's sales revenue has grown from strength to strength over the years. In just 10 years sales turnover has more than tripled from RM293.56 million in FYE2003 to M975.78 million in FYE2013.

The increase in revenue over the years was largely attributed to stronger sales from the Group's operations, as well as higher contributions from new and existing stores.

GROUP'S MAIN BUSINESS ACTIVITIES

PKHB Group's main business activities are in the retailing and manufacturing of jewellery. It has a manufacturing plant in Shah Alam and 105 outlets nationwide at FYE2013 providing the widest reach and distribution network. Poh Kong is Malaysia's fastest growing and largest jewellery retail chain store.



The Group blends both mass and exclusive markets by producing fine and reasonably priced jewellery which are available to consumers from all walks of life via its network of stores.

Poh Kong also leverages on the image differentiation of its speciality brands and retail concept stores through new product designs, product lines and enhanced customer service.

The major thrust of the Group's strategies is to strengthen its position as market leader in the retailing of gold and gemset jewellery. PKHB's key success factors as a leader, are in its comprehensive range of products, exclusively designed brands, extensive retail coverage, good corporate reputation, products branding and retail promotions.

EXPANDING RETAIL FOOTPRINT

In expanding its retail footprint, Poh Kong stores have sprung up in upscale city mega shopping malls to sub-urban centres nationwide with an average capital expenditure (capex) of RM3 million for each store including inventory depending on the size and location.

The 105 outlets occupy a total retail space of approximately 130,000 sq ft as at FYE2013. The opening of new outlets located mostly in shopping malls is to facilitate accessibility, provide convenience and to enhance visibility of its brands.

Besides its market reach and economies of scale, PKHB Group's large and extensive network also reinforces Poh Kong's name in the jewellery industry.

In the last four years, the trend in Poh Kong has been to open three to five outlets each year. However, seven additional outlets were opened in FYE2013, namely in Aman Jaya Mall Sungai Petani, Kipmart Senawang, AEON Seri Manjung, Tang's Genting, Wangsa Walk Mall, Giant USJ and Pusat Beli Belah Pandan Kapital which contributed RM28.50 million revenue or a 3% growth for the financial year.

The Group also renovated and refurbished five stores during the year under review, completing the makeover of showrooms trading under the Poh Kong brand.

In FYE2014, it plans to open another six stores with an estimated total capex including inventory of about RM20 million.

As a result of the expansion, the Group's total inventory comprising of gold and gems have increased from RM549.21 million in FYE2012 to RM569.45 in FYE2013.

Poh Kong's liquidity profile is enhanced by its gold inventory which is considered valuable and as good as cash. A portion of its gold inventory can be easily liquidated in support of Poh Kong's financial expenditure, if required.

The number of outlets by state or territory as of FYE2013 is as follows: Selangor/Kuala Lumpur 62 (59%); Negeri Sembilan 9 (8%); Johore 8 (8%); Perak 7 (6%); Malacca 6 (6%); Penang 5 (5%); Kedah 4 (4%); Pahang 3 (3%) and Kelantan 1 (1%).

Retail outlets located within Selangor and Kuala Lumpur contributed 70% of the total revenue for FYE2013.

RETAILING OF JEWELLERY

Poh Kong is the leading industry player in the manufacturing and retailing of gold jewellery, gold investment products and fine jewellery. These products are the main contributors to the Group's revenue. Gold investment products consist of gold bars, bullions, wafers and coins.



REVIEW OF OPERATIONS

The demand for both gold jewellery and gold related products is subject to the volatility of gold prices. The Group's profitability is susceptible to sharp fluctuations in gold prices between the time Poh Kong purchases gold and gold jewellery and its sales subsequently to consumers.

In spite of the volatility of gold prices, the demand of gold still remain resilient as gold has always been regarded as a tool to hedge against inflation. Hence, to meet the strong demand of gold, the Group is offering special collections of its products for all festive seasons and special occasions annually.

IN-HOUSE BRANDS

Poh Kong is regarded as the one-stop most preferred family jeweller with a comprehensive range of jewellery and exclusively designed products.

Apart from yellow-gold jewellery, it offers a wide range of diamond, jade, pearl, gems, and coloured stones that caters to various taste and preferences of different races in Malaysia. Its yellow-gold jewellery is promoted under the Poh Kong's in-house brands, such as the Anggun Series, Happy Love Collection, Tranz Collection and The Art of Auspicious Jewellery.

The Group is the licensee for Disney Jewellery, the latest of which in the range of famous Disney characters are the Disney Princesses collection, comprising long lasting, fairytale favourites that are treasured and adored by both adults and children.

RETAIL CONCEPT STORES

Poh Kong outlets also carry non-gold jewellery so as to provide customers wider choices and collections of exquisite jewellery.

Some of the Group's non-gold products are promoted via retail concept stores which carry exclusive international brands. Among these are Schoeffel pearls, Luca Carati, Moraglione 1922 diamonds and coloured gems and the recently launched Hemera diamond.

Retail concept stores include Poh Kong, Poh Kong Gallery, Diamond & Gold, Diamond Boutique, Jade Gallery, Gold Boutique and Oro Bianco. These concept stores offer a wide range of jewellery from gold related jewellery to gold investment products, diamonds and coloured gems, specially created by its team of skilled craftsmen and designers.

Distribution of these speciality jewellery is through our professional sales team by offering excellent and personalized service in fulfilling the customers' shopping needs at various touch-points in the stores.

Poh Kong's products are extensively promoted through brand building campaigns. These include advertising and promotion activities, such as annual road shows and ground events held in co-operation with strategic partners to reinforce awareness of the Poh Kong brand name in the marketplace.



MANUFACTURING OF JEWELLERY

In addition to retailing, Poh Kong Jewellery Manufacturer Sdn Bhd set up in 2001, produces and supplies majority of Poh Kong's finished gold jewellery.

The RM12 million manufacturing plant has a staff force of about 160 people. The plant is equipped with a modern technology facility where the designers and craftsmen create new in-house designs, seasonal jewellery, as well as exclusive products based on the Group's research and development activities.

The plant also has in place a gold recovery and refinery system which enables the PKHB Group to refine all trade-in jewellery and/or used gold at a lower cost compared to the market rate as a form of raw materials for its production of finished jewellery.

FUTURE PROSPECTS

Poh Kong will continue to strengthen and strive to be the best and the leading jeweller in Malaysia predominantly in manufacturing, retailing of gold jewellery, diamonds and gems, and other jewellery, such as pearls, jade and coloured stones.

The Group is confident of maintaining its market position as the premier and largest jewellery retail chain as it look towards expansion by identifying strategic locations for future growth, refurbish existing stores, enhance its merchandise mix and invest in brand development.



CORPORATE SOCIAL RESPONSIBILITY

Poh Kong fulfils its corporate social responsibility (“CSR”) focusing on four key areas in the workplace, marketplace, community and environment to deliver sustainable value to society at large.

1. The Workplace

Poh Kong values its employees as they are central to the smooth functioning of its operations and play an important role in the Group’s success and sustainability.

Poh Kong has various employee welfare programmes, such as company uniform, meal subsidy, accommodation, staff purchase, medical check-ups, wedding gifts, festive celebrations, financial assistance and long service awards.

To ensure employees work in a safe, healthy and conducive environment, various safety awareness briefings and programmes are conducted to enhance employees’ knowledge in health and safety.

External courses, workshops and internal in-house product training are conducted for all levels of employees to enhance their knowledge and core competencies. Employees are also encouraged to participate in social, sports, recreational and leisure activities through volunteering and performing pro bono work with charities supported by Poh Kong.

2. The Marketplace

Poh Kong endeavours to carry out activities in a sustainable manner and promote responsible practices among its shareholders, suppliers and customers in the marketplace. It is committed to ethical business practices through a compliance with the law, honouring business obligations and ensuring integrity in its business dealings.

Poh Kong strives to enhance corporate value and maintain stable and long term growth for the benefit of shareholders by disclosing and disseminating all material information in a timely, open, fair and transparent manner.

On suppliers, the Company works with them through long-term relationships to realize mutual growth based on mutual trust.

Poh Kong’s network of over 100 outlets provides convenience and accessibility to customers, offering wide range of quality products for customers’ choices.

3. The Community

Poh Kong strives to improve the quality of life of the community it serves by continuously creating opportunities and bringing lasting and positive change.

Poh Kong’s CSR initiatives towards the community have included sponsorships and monetary support in the areas of health & welfare for the underprivileged, education, arts, culture, sports, entertainment and women entrepreneurship.

Mysayang Children Health Screening

Thirty employees volunteered themselves in the MySayang Children’s Health-Screening Project by assisting over 150 underprivileged children at Harvest Centre in Sentul, KL on March 23.



CORPORATE SOCIAL RESPONSIBILITY



The employees, divided into five groups, played various games to keep the children entertained while the health screenings were in progress. Poh Kong contributed RM25,000 towards the MySayang initiative, a project founded by Vertical Progress which plans to cover 10,000 children from various parts of Selangor this year.

Poh Kong's Gift Of Love

Poh Kong's 2012 'A Gift of Love' programme aimed to fulfill the children's Christmas wishes from the children's home, Rumah Kanak-Kanak Taman Bakti with the donations from employees, shoppers and customers.

During the Miss Tourism International / Miss Poh Kong Glamour competition at Queensbay Mall, Penang in December 2012, the pageants presented the Christmas gifts to the children.

Pink Golf Charity Tournament

Poh Kong sponsored a Hole-In-One award for Pink Golf Charity Event in the aid of Breast Cancer Welfare Association in October 2013.

MRCA's Deepavali Charity Visitation

Malaysian Retailer-Chains Association (MRCA) donated more than RM16,000 worth of goods and products to 80 needy families including a RM1,000 donation to the temple in Batu Caves, in conjunction with the recent Deepavali celebrations.

Poh Kong, one of the MRCA members, contributed rice cookers, wheelchairs, school uniforms, transportation and other basic necessities to the families comprising old folks, single parents, disabled, abused and marginalized members of society.

4. The Environment

The Group is mindful of its responsibility towards preserving the environment and conserving resources wisely. It is committed to protect the environment through its green awareness and eco-friendly activities that reduces the carbon footprint and waste generated by the organization's infrastructure.

In its daily operations, environment friendly practices are observed, such as recycling of paper, increased electronic communication, energy saving bulbs for lighting and equipment are utilized. This include using light-emitting diode (LEDs) lighting for energy saving, the automatic shutdown of desktop computers while not in use, maintaining air-conditioning at comfortable, but lower temperatures, switching off non-essential lights and equipment, and the recycling of materials have all reduced costs savings.

Poh Kong is committed to the proper management of wastage to help minimise the impact on the environment by restricting the use of hazardous substances, undertaking the safe disposal of waste discharge and the monitoring of pollution levels for a clean environment.

Photo Captions:

1. Customer Service training session.
2. Professional trainer from International Gemological Institute (I.G.I.) conducting a diamond and gemstone grading course.
3. Generous Hearts - Poh Kong employees and organizing committee posing with the children at the health screening.
4. Poh Kong employees and children working to build the "tallest spaghetti tower."
5. A Gift of Love - Miss Tourism International handing out gifts to the children at Queensbay Mall, Penang
6. Pink Golf Charity Event - Ms Alice Choon (second from right), Poh Kong Group Merchandising Director, sponsoring the hole-in-one award with other co-sponsors in the Pink Golf Charity Event.
7. Datin Jennifer Hon of Poh Kong Holdings Berhad, together with MRCA members, in the contributions galore for 80 families to celebrate Deepavali.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Poh Kong Holdings Berhad (“the Company”) is committed to instill a corporate culture of good corporate governance which is practised throughout the Company and its subsidiary companies (“the Group”) to ensure sustainability and profitability. The Group acknowledges the importance of good corporate governance in enhancing its business prosperity and corporate accountability with the absolute objective of realising long-term shareholders’ and stakeholders’ value.

The Group will continue to endeavor to comply with all the key principles and recommendations of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012 or “the Code”) in an effort to observe high standards of transparency, accountability and integrity. This is to sustain optimal governance with conscientious accountability for continuous effectiveness, efficiency and competitiveness of the Group.

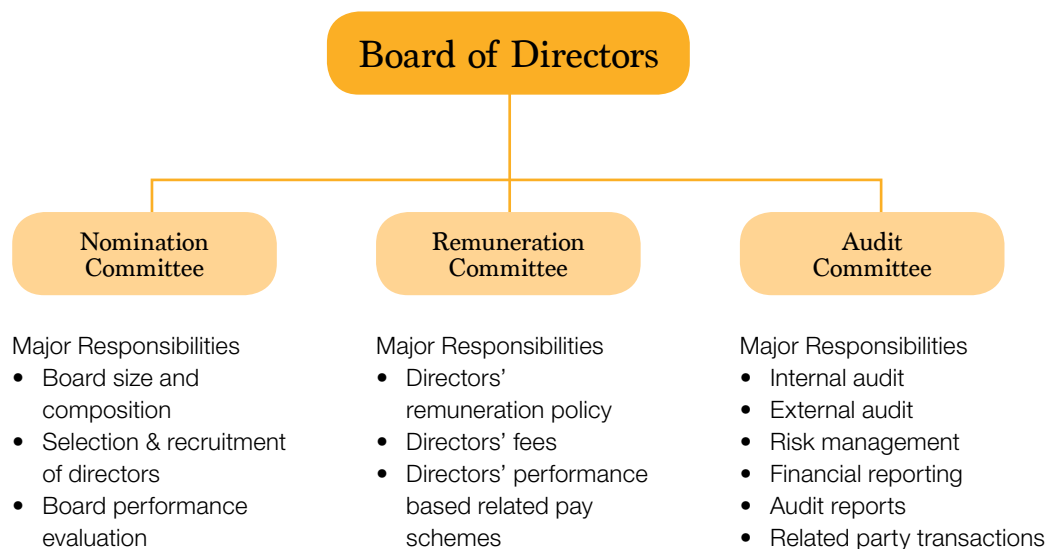
This statement outlines the key aspects on how the Group has applied the principles under the MCCG 2012 during the financial year ended 31 July 2013 and any non-observation of the recommendations of MCCG 2012, including the reasons thereof, has been included in this statement in view of the transition to the Code.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear function of The Board and Management

The Board leads the Group and plays a strategic role in overseeing the Group’s corporate objectives, directions and long term goals of the business. The Board is responsible for oversight and overall management of the Group.

The following diagram shows a brief overview of the three main Board Committees of the Company’s Board, each of which is explained in further detail as below:



STATEMENT ON CORPORATE GOVERNANCE

Each Committee will operate in accordance with the written terms of reference approved by the Board. The Board will review the terms of reference of the committees from time to time. The Board appoints the members and the Chairman of each committee.

The Board Committees are established to assist the Board in discharging its responsibilities. The Board delegates specific responsibilities to three (3) Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. All committees have written terms of references and operating procedures and the Board receives reports on their proceedings and deliberations. The Chairman of the respective Committees shall report the outcome of their meetings to the Board, which are then incorporated into the minutes of the Board meetings.

Independent Non-Executive Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined objectively, taking into perspective the long term interests of shareholders, other stakeholders and the community at large.

The Board recognizes the importance of the role of the Independent Non-Executive Directors particularly in corporate accountability. They are essential for protecting the interests of non-controlling interests and can make significant contributions to a company's decision making by bringing in the quality of detached impartiality.

The Executive Directors take on primary responsibilities for implementing the Group's business plans and managing the business activities.

1.2 Clear roles and responsibilities

In fulfilling its fiduciary and leadership functions, the Board meets regularly to perform its functions, amongst others, as follows:

a. Reviewing and adopting the company's strategic plans

The Board provides strategic direction and guides the Group in promoting its core values, policies and objectives. The Board reviews the strategic plans presented by the Management.

b. Overseeing the conduct of the company's business

To ensure the effective discharge of its functions and responsibilities, the Board delegates the day-to-day management of the Group's business to the Management. The Group Managing Director is responsible for the implementation of the Board's decisions, overall responsibilities over the day-to-day operations of the Group's business and operational efficiency.

c. Succession planning

The Board recognizes the importance of succession planning in building long-term sustainable performance excellence.

The Group is embarking on a succession planning framework to identify suitable candidates for senior managerial positions to ensure continuity of key positions.

d. Overseeing the development and implementation of a communication policy for the company

The Board recognizes the importance of keeping shareholders and investors informed of its latest business and corporate developments. The Board believes that an effective investor relationship is essential in enhancing value to its shareholders.

STATEMENT ON CORPORATE GOVERNANCE

The dissemination of information about the Company, its businesses and its activities is conducted via the timely release of quarterly financial results, press releases and announcements. Whilst the Company endeavors to provide as much information as possible, it is aware of the legal and regulatory framework governing the release of material and price sensitive information.

The Company's website at www.pohkong.com.my provides easy access to corporate and financial information of the Group. The Investor Relations ("IR") updates and information on financial results are uploaded on the website immediately after announcements on the same are made to Bursa Malaysia Securities Berhad ("Bursa Securities").

During the financial period under review, the Company has been involved in investor relations activities such as teleconference and dialogue with fund managers, analyst and investors to keep shareholders duly informed on the performance of the Group.

1.3 Formalized ethical standards through code of conduct

The Group's corporate culture provides an ethical framework to guide actions and behaviors of all Directors and employees. The Group practises principles relating to confidentiality of information, fair dealings, compliance with laws and regulations, accountability and corporate social responsibility in the Group's dealings with employees, customers, suppliers, business associates and shareholders.

Even though the Board has not formalized a Code of Ethics and Conduct, the above practices are embedded into the Group's philosophy, culture and business operations. The Board is aware that a formalized Code of Ethics and Conduct reinforces the Group's core value on integrity by providing guidance on moral and ethical behavior. The Board will finalize the key principles of expected conducts and formalize the Code of Conduct in the following financial year will be made available in the Company's website by then.

1.4 Strategies promoting sustainability

The Board is in the midst of formalizing a Sustainability and Corporate Responsibility Framework for the Group. The Framework reinforces the Group's sustainability commitment to integrate sustainability and corporate responsibility strategies into daily operations with the ultimate objective of achieving greater efficiency, better performance of the Group and improved quality of life to the society at large.

1.5 Supply and Access to information

The Board recognizes that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company. The Directors have access to information through the following means:

- Members of Senior Management attend Board and Committee meetings by invitation to report areas of the business within their responsibility including financial, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's informal decision making and effective discharge of the Board's responsibilities.
- The Board and Committee papers are prepared and issued to the Directors or Committee Members at least seven(7) days before the Board and Committee meetings.
- The Audit Committee Chairman meets with the Management, Internal Auditors and External Auditors regularly to review the reports regarding internal control system and financial reporting.

STATEMENT ON CORPORATE GOVERNANCE

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, who oversees adherence with board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary also keeps the Directors and principal officers informed of the closed period for trading in the Company's shares, updates of listing requirements and inform Directors of the training needs.

Besides direct access to the Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. The Directors may also consult the Chairman and other Board members prior to seeking any independent advice.

1.6 Qualified and competent Company Secretary

The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and knowledgeable on new statutory and regulatory requirements, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary ensures the flow of information to the Board and its committees.

1.7 Board Charter

The Board and Board Committees act in a professional manner and uphold the core values of integrity with due regard to their fiduciary duties and responsibilities. The Board recognizes the importance of formalizing a Board Charter which provides guidance to Directors to deal with ethical issues, and help foster a culture of honesty and accountability. The Board is in the midst of finalizing the formal Board Charter by incorporating recent changes in regulations and best practices. Once it is approved, the formalized Board Charter will be made available in the Company's website.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

2.1 The Board Composition and Management

The control environment set the tone for the Group and is driven by an effective Board consisting of competent individuals with appropriate specialised skills and knowledge to ensure capable management of the Group. The Board is responsible for overseeing the conduct and performance of the Group's businesses and oversees the Group's internal controls. The composition of Independent and Non-Independent Directors is carefully considered to ensure that the Board is well balanced.

The Board comprises nine (9) members, of whom six (6) are Executive Directors and three (3) are Independent Non-Executive Directors. It is a balanced Board and comprises professionals from various backgrounds and with the relevant experience and expertise that would add value to the Group. The mix of experience is vital for the strategic success of the Group.

The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate accountability. The role of the Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgement.

The Board delegates the implementation of its strategy to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities, the Board has established the Nomination and Remuneration Committees to perform certain of its functions and to provide it with recommendations and advice.

STATEMENT ON

CORPORATE GOVERNANCE

2.2 Nomination Committee

The Nomination Committee comprises three (3) Non-Executive Directors, who are Independent Directors. The members of Nomination Committee are as follows:

ENCIK FAZRIN AZWAR BIN MD NOR

Chairman, Independent Non-Executive Director

DR CHOONG TUCK YEW

Senior Independent Non-Executive Director

DATIN SHIRLEY YUE SHOU HOW

Independent Non-Executive Director

The Nomination Committee ensures adequate training and orientation for new Directors with respect to the business structure and management of the Group, as well as the expectation of the Board with regard to their contributions to the Board and the Group. Regular continuing education programmes and seminars would be organised for the Directors to keep them abreast of the latest developments and advances in Corporate Governance.

The Nomination Committee also assists the Board in its annual review of the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board as a whole, as well as, look into succession planning, boardroom and gender diversity and training courses.

The Nomination Committee met once (1) during the financial year to deliberate on the above matters.

2.3 Develop, maintain and review criteria for recruitment and annual assessment of Directors

Appointment of Directors

The Nomination Committee, which comprises of Independent Directors, is responsible for making recommendations for any new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the full Board for assessment and endorsement.

The key task of the Nomination Committee is to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors with the right mix of skills and knowledge relevant to the Company.

Re-election of directors

The Articles of Association ("The Articles") of the Company provides that one-third (1/3) of the Directors are required by rotation to submit themselves for re-election by Shareholders at every Annual General Meeting ("AGM") at least once in every three (3) years.

The Articles of the Company further provides that all Directors who are appointed during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment.

STATEMENT ON CORPORATE GOVERNANCE

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Dr Choong Tuck Yew who will retire pursuant to Section 129(2) of the Companies Act, 1965 and being eligible, has offered himself for re-appointment at the forthcoming Annual General Meeting.

Gender diversity policy

Where boardroom diversity is concerned, the Board does not adopt any gender diversity policy in the selection of new Board candidates and does not have a specific policy on setting targets for female candidates.

However, the Board recognizes the importance of gender balance in the Board. At present, there is woman representation at the Board level. The Nomination Committee will consider female candidates as and when the potential candidate is available.

Annual assessment

During the financial period under review, the Nomination Committee had reviewed and assessed the mix of skills and experience of the Board and Board Committees. All assessments and evaluations carried out by the Nomination Committee are properly documented. The assessment and comments by Directors' are summarized pertaining to the effectiveness of the Board and its Board Committees are tabled at the Nomination Committee meeting. The Nomination Committee Chairman will then report to the Board on the Directors' assessment and evaluation.

2.4 Directors' Remuneration

In compliance with the Code, a Remuneration Committee was established on 8 March 2004 and is entrusted with the following responsibilities:

- a) Recommend to the Board the remuneration of the Executive and Non-Executive Directors.
- b) Assist the Board in ensuring the remuneration of the Directors reflects the responsibility and commitment of the Director concerned.

The Remuneration Committee comprises four (4) Directors, the majority of whom are Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:

DATIN SHIRLEY YUE SHOU HOW

Chairperson, Independent Non-Executive Director

DR CHOONG TUCK YEW

Senior Independent Non-Executive Director

ENCIK FAZRIN AZWAR BIN MD NOR

Independent Non-Executive Director

DATO' CHOON YEE SEIONG

Executive Chairman & Group Managing Director

STATEMENT ON CORPORATE GOVERNANCE

The details of the remuneration for Directors of the Company during the financial year ended 31 July 2013 are as follows:

Aggregate Remuneration Categorization	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	111	144
Non-Fees	34	75
Salaries	6,895	-
Bonuses	1,074	-
Benefits-in-kind	195	-
Total	8,309	219

The number of Directors of the Company whose total remuneration falls within the following bands:

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	-	3
RM750,001 to RM800,000	2	-
RM1,050,001 to RM1,100,000	1	-
RM1,250,001 to RM1,300,000	1	-
RM1,350,001 to RM1,400,000	1	-
RM3,050,001 to RM3,100,000	1	-

The Remuneration Committee reviews and recommends the remuneration of Managing Director and Executive Directors of the Company and further recommends the Independent Non-Executive Directors' fees to the Board subject to shareholders' approval at the Company's AGM pursuant to the Articles of Association of the Company. The determination of the Directors' remuneration packages is a matter for the Board as a whole.

The Remuneration Committee met once (1) during the financial year ended 31 July 2013.

PRINCIPLE 3 - REINFORCE INDEPENDENCE

3.1 Assessment of Independence

The Board recognizes the importance of independence and objectivity in the decision-making process as advocated in the MCCG 2012. The Board is committed to ensure that the independent directors are capable to exercise independent judgment and act in the best interests of the Company.

The Independent Directors of the Company fulfilled the criteria of "Independence" as prescribed under the Main Market Listing Requirements ("MMLR") of Bursa Securities. The Board, via Nomination Committee, had developed the criteria to assess independence and formalize the current independence assessment practice.

STATEMENT ON CORPORATE GOVERNANCE

3.2 Tenure of Independent Directors

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative term of nine (9) years as recommended by MCCG 2012 and that an Independent Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of the nine (9) years tenure.

Furthermore, the Board must justify the decision and seek shareholders' approval at a general meeting if the Board intends to retain the Director as Independent after the respective Independent Director has served a cumulative term of nine (9) years.

The Board recommends to retain the services of Dr Choong Tuck Yew, Senior Independent Non-Executive Director, and Encik Fazrin Azwar Bin Md Nor, Independent Non-Executive Director, due to their vast experience and contributions to the Group. Both have served the Group for nine (9) years and have expressed their intention to seek re-appointment.

3.3 Shareholders' approval for the appointment as an Independent Director after serving nine (9) years in that capacity

The Board will justify the decision and seek shareholders' approval at the general meeting if the Board intends to retain a Director as Independent Director after the respective Independent Director has served in that capacity for more than nine (9) years.

3.4 Separation of positions of the Chairman and Group Managing Director

The Executive Chairman & Group Managing Director is Dato' Choon Yee Seiong. There is a clear division of responsibilities. As the Chairman, he is responsible for the orderly conduct and performance of the Board. As the Group Managing Director, he is responsible for ensuring the Board's decisions are implemented, and that the day-to-day running of the business is in tandem with the goals and policies sanctioned by the Board. The Managing Director is subjected to the control of the Board of Directors.

In furtherance of this, the Independent Non-Executive Directors, assist to vocalize their concerns regarding the Company where it could be inappropriate for those to be dealt with by the Managing Director and Executive Directors.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 – FOSTER COMMITMENT

4.1 Board Meetings

The Board of Directors of the Company subscribes to the Code. The Board has the overall responsibility for Corporate Governance, strategic direction, formulation of policies and overseeing the investment and performance of the Company. The Board met five (5) times during the financial year ended 31 July 2013 and details of attendance are as below:

	Total number of Meetings held	Meetings attended by Director
Executive Directors		
Dato' Choon Yee Seiong (Executive Chairman & Group Managing Director)	5/5	5/5
Mr Cheong Teck Chong	5/5	5/5
Madam Choon Nee Siew	5/5	4/5
Mr Chang Kwong Him	5/5	5/5
Mr Siow Der Ming	5/5	5/5
Mr Choon Yee Bin	5/5	4/5
Independent Non-Executive Directors		
Dr Choong Tuck Yew	5/5	5/5
Encik Fazrin Azwar Bin Md Nor	5/5	5/5
Datin Shirley Yue Shou How	5/5	5/5

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, one of the criteria is they must not hold directorships in more than five (5) public listed companies. The Directors are required to submit an update on their other directorships annually.

4.2 Supply of Information

All Directors are provided with an agenda and Board papers containing information relevant to the business of the Board Meetings. This is issued in sufficient time to enable the Directors to obtain further explanation where necessary, in order to be properly briefed before the meeting. Minutes of the Board Committees are also tabled at the Board Meetings for information and deliberation.

The Audit Committee of the Board ensures compliance with disclosure requirements and accounting and audit policies overseeing all issues pertaining to financial and operational risks.

All the Directors have direct access to the advice and services of Senior Management and the Company Secretary in carrying out their duties. The Directors may obtain independent professional advice in furtherance of their duties, with the consent of the Board.

STATEMENT ON CORPORATE GOVERNANCE

4.3 Directors' Training

Directors are encouraged to attend continuous education programmes and seminars to keep abreast of relevant changes in laws and regulations and the development in the industry.

During the year, the external training programmes and seminars attended by the Directors are as follows:

Mr Siow Der Ming

2013

- 14 May 2013 - "Seminar on Synthetic Diamond," by Belgium Diamond Suppliers Association (ACTYF), at Grand Hyatt Hotel, Kuala Lumpur.
- 29 August 2013 - "Gold Futures Seminar," by Bursa Malaysia Derivatives at Bursa Malaysia, Kuala Lumpur.
- 12 October 2013 - "Asean Jewellery Trade Dialogue," by UBM Singapore at Marina Bay Sands Resort Hotel, Singapore.

Mr Choon Yee Bin

2013

- Attended Bursa Malaysia Securities Berhad Mandatory Accreditation Programme (MAP).

Dr Choong Tuck Yew

2012

- 29 September 2012 - Chief Judge in "Humorous Speech & Evaluation Contests," organized by District 51, Division W 2012/2013 at University of Malaya, Kuala Lumpur
- 24 November 2012 - Judge in "Tall Tales Contest," organized by Speakers Dream Toastmasters Club at TTDI, Kuala Lumpur.

2013

- 7 March 2013 - "Market Outlook – Global, Regional & Malaysia," seminar organized by Cheng & Co Chartered Accountants and Wealth Management Sdn Bhd at Kuchai Business Centre, Kuala Lumpur.
- 22 May 2013 - "How CFOs Can Value Add to the Organisation," talk organized by Malaysian Institute of Accountants at The Gardens Mall, MidValley City, Kuala Lumpur.
- 6 June 2013 - "How to be a Smart Trader Mentorship Programme," seminar organized by Wealth Mentors at Boulevard Hotel, MidValley City, Kuala Lumpur.
- 15 June 2013 - "Capabilities for Greater Opportunities," organized by Putra Intelek International College Convocation at Putrajaya International Convention Centre, Putra Jaya.
- 17 June 2013 - "Malaysia and Australia: Economic & Investment Landscape and Outlook," hosted by Austrade, AMBank and Victoria State Government, Australia at Sheraton Imperial Hotel, Kuala Lumpur.
- 27 June 2013 - "Director Duties, Business Ethics and Governance," seminar organised by Malaysian Institute of Corporate Governance for Directors of PLC's at Hotel Renaissance, Kuala Lumpur.

Encik Fazrin Azwar Bin Md Nor

2012

- 25 October 2012 - "Times Offset (M) Sdn Bhd Manufacturing," seminar organized by Times Publishing.
- 23 November 2012 - "Prime Minister's 1Malaysia Economic Transformation Programme," organized by Archer Consulting Group Sdn Bhd.

STATEMENT ON CORPORATE GOVERNANCE

2013

- 19 March 2013 - “International Trade and Industry as the Drivers of Growth,” talk by Minister of International Trade, organized by MIDF Amanah Investment Bank Berhad.
- 2 May 2013 “Investments in the Middle East/Bridging with Industry’s Leaders for Investment Opportunities,” talk organized by Asian Finance Bank Berhad.
- 3-4 July 2013 “Shifting Sands: Is the Law Reshaping our Legal and Corporate Sectors?” conference organized by Current Law Journal and BAR Council Malaysia.
 - Corporate Insolvency and Winding Up;
 - Companies Restructuring under the Companies Act 1965;
 - Due Diligence for Mergers and Acquisitions;
 - Obligations of Companies to Pay Zakat: Issues Arising from Effects of Separate Legal Entity;
 - Competition Law: Its Impact on Business and Legal Practice;
 - Nightmares on AMLA Street: A Critical Study of the Provisions of Anti-Money Laundering Laws; and
 - Forum on Liberalization: Lawyering in a Brave New World.
- 9 October 2013 “Nominating Committee Programme,” organized by ICLIF Leadership and Governance Centre together with Bursa Malaysia.
- 24 October 2013 “TIMES Manufacturing Seminar,” organized by Times Offset (M) Sdn Bhd.

The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge.

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

Accountability and Audit

5.1 Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group’s financial position and prospects by making sure the financial statements and quarterly announcements are prepared in accordance with the provisions of the Companies Act, 1965 (“the Act”) and applicable approved accounting standards.

The Board is assisted by the Audit Committee in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies. The Audit Committee also assists the Board in overseeing the financial reporting process and ensuring the quality of the financial reporting by the Group. The Audit Committee reviews and monitors the accuracy and integrity of the Group’s annual and quarterly financial statements for announcement to the public within the stipulated time frame.

Statement On Directors’ Responsibility

In reviewing all the published annual and quarterly financial statements during the financial year ended 31 July 2013, the Directors took due care and reasonable steps to ensure compliance with the applicable accounting standards in all material aspects. A statement by the Directors of their responsibilities for preparing the financial statements is set out under the Statement on Directors’ Responsibility on page 57 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

5.2 Assessment of suitability and independence of external auditors

The Board has maintained a transparent and professional relationship with the Group's external auditors through the Audit Committee.

The Group's external auditors are invited to attend the Audit Committee meetings when deemed necessary. The Audit Committee meets the external auditors to review the scope and adequacy of the audit process, the financial statements and their audit findings.

During the financial period ended 31 July 2013, the Audit Committee met twice (2) with the external auditors without the presence of the management.

The external auditors have declared their independence to the Group and their compliance with By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants – Section 290.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal controls in the Company and the Group. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Directors' responsibilities for the Group's system of internal controls cover not only the financial aspects but also compliance and operational controls as well as risks management matters and reviewing the adequacy and integrity of the system. The Group has a formalized Standard Operating Procedures which is subject to review by the EXCO Committee from time to time.

In addition to Standard Operating Procedure, the Group also has in place a formalized whistle blowing policy and is in the midst of embarking into a risk management framework to identify, evaluate and manage key risks that may affect the achievement of the business objectives of the Group.

6.2 Internal audit function

The Group's internal audit function is carried out by both outsourced internal auditors and in-house internal audit department to assist the Audit Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

Details of the Company's internal control processes are set out in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board has put in place a Corporate Disclosure Policy to ensure the disclosure of material information pertaining to the Company's performance and operations to the public is in accordance with the disclosure requirements under the MMLR and other applicable laws.

STATEMENT ON CORPORATE GOVERNANCE

7.2 Leverage on information technology for effective dissemination of information

The Board has established a dedicated section for corporate information on the Company's website where information on the Company's announcements, financial information, share prices and analysts' reports can be assessed.

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

Annual General Meeting ("AGM")

The AGM serves as the principal forum for direct interaction and dialogue among shareholders, the Board and management. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern.

Shareholders are encouraged to actively participate in the question and answer session. The Board, senior management and the external auditors will be present to answer and provide appropriate clarifications at the meeting.

Normally, a press conference will be held after the AGM to advise the media of the resolutions passed by shareholders, brief the media on the operations, performance and financial results of the Group for the year under review and clarify issues posed by the media.

The Company dispatches its notice of AGM and related papers to shareholders at least twenty one (21) days before the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

During the last AGM, Executive Directors also provided shareholders with a brief overview of the Company financial year's performance and operations.

8.2 Encourage poll voting

As per recommendations of the Code, the shareholders are encouraged to vote by poll for all resolutions put forth in the AGM. However, all resolutions put forth to the shareholders' approval at the 10th AGM held on 31 January 2013 were duly passed by a show of hands for convenience purpose.

8.3 Effective communication and proactive engagement

It has always been the Company's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Company have always been duly and promptly announced to all shareholders, in line with Bursa Securities's objectives of ensuring transparency and good corporate governance practices.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report, corporate announcements to Bursa Securities and press conferences. Further update of the Company's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations and the media.

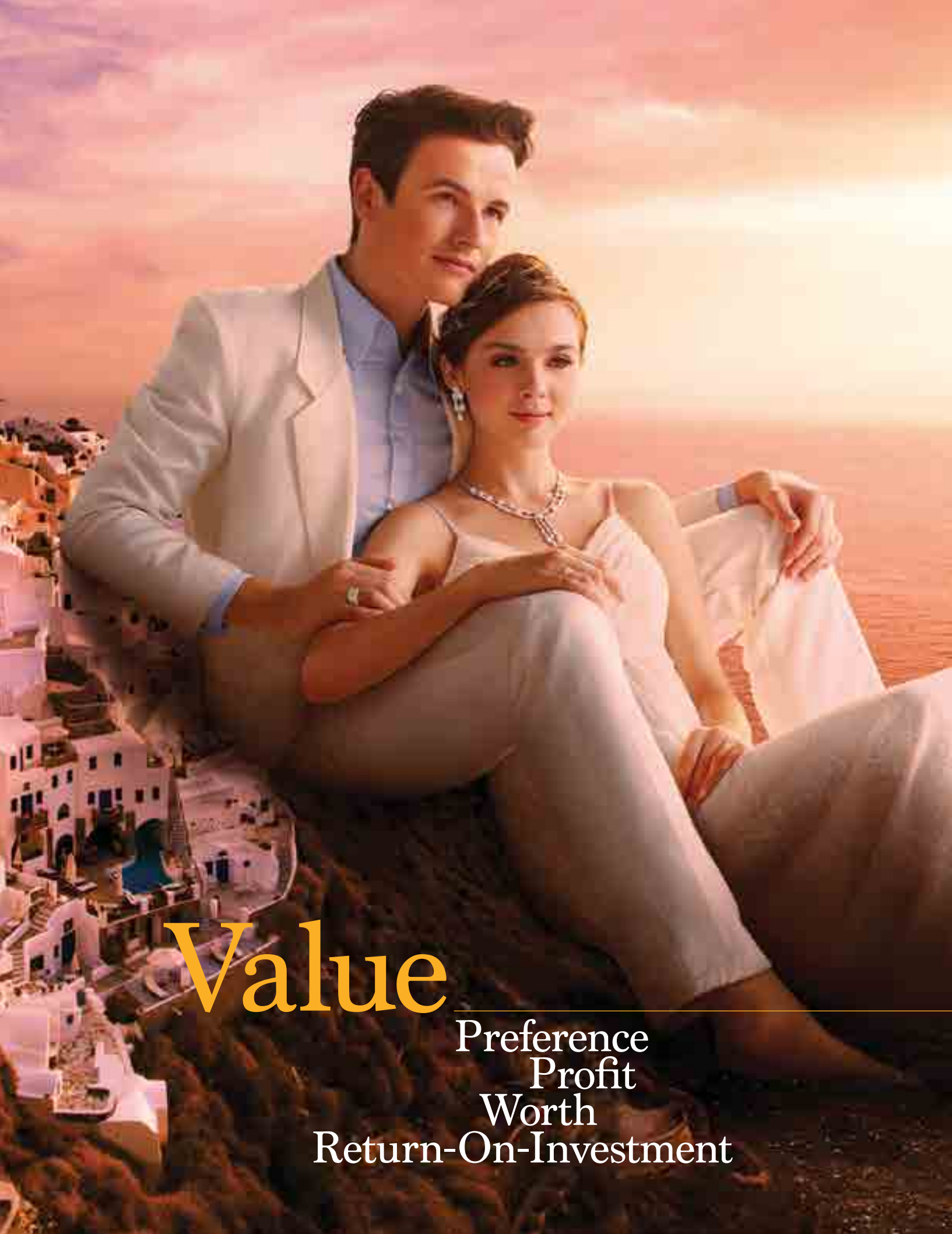
Besides highlighting retail business promotional activities, the Company's website www.pohkong.com.my also contains all announcements made to Bursa Securities, as well as the contact details of designated persons to cater to any queries.

STATEMENT ON CORPORATE GOVERNANCE

COMPLIANCE STATEMENT

The Board is of the view that the Group is generally in compliance with the Principles and Recommendations of the MCCG 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial period under review, the non-observance has been explained in this Statement.

This statement was made in accordance with a resolution of the Board dated 26 November 2013.



Value

Preference
Profit
Worth
Return-On-Investment

REPORT OF THE AUDIT COMMITTEE

1. COMPOSITION

The members of the Audit Committee comprising a Senior Independent Non-Executive Director and two Independent Non-Executive Directors are as follows:

Dr Choong Tuck Yew

*Chairman, Senior Independent Non-Executive Director
Member of the Malaysian Institute of Accountants*

Encik Fazrin Azwar Bin Md Nor

Independent Non-Executive Director

Datin Shirley Yue Shou How

Independent Non-Executive Director

2. TERMS OF REFERENCE

2.1 Objective

The primary objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls and risk management processes, management and financial reporting practices of the Group.

2.2 Membership

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors.

The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Director. No Alternate Director shall be appointed as a member of the Audit Committee.

2.3 Qualification

At least one (1) member of the Audit Committee:

- (a) must be a member of the Malaysian Institute of Accountants or
- (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and
 - he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or
 - he/she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967 or
 - fulfills such other requirement as prescribed or approved by the Bursa Securities.

REPORT OF THE AUDIT COMMITTEE

2.4 Meeting and Minutes

Meetings shall be held not less than four (4) times a year. The presence of External and/or Internal Auditors will be requested, if required, but without the presence of any Executive Directors. Other members of the Board and senior management may attend meetings upon the invitation of the Audit Committee. Both the Internal and/or External Auditors may request a meeting if they consider it to be necessary. The Audit Committee shall meet with the External Auditors without Executive Board members present at least twice a year.

The Secretary to the Audit Committee shall be the Company Secretary. The Chairman of the Audit Committee shall report on each meeting to the Board.

2.5 Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It shall have unrestricted access to any information pertaining to the Group, both the Internal and External Auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.

2.6 Duties and Responsibilities

The Audit Committee undertakes, amongst others, the following duties and responsibilities:

- a) To discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;
- c) To review with the External Auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- d) To review the following in respect of Internal Audit:
 - adequacy of scope, functions and resources of the firm of Internal Auditors (that was engaged to undertake the Internal Audit function) and that it has the necessary authority to carry out its work;
 - the Internal Audit programme and results of the Internal Audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
 - the major findings of Internal Audit investigations and management's responses, and ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
 - review any appraisal or assessment of the performance of members of the Internal Audit function;
 - review and approve any appointment or termination of senior staff members of the Internal Audit function; and
 - take cognizance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

REPORT OF THE AUDIT COMMITTEE

- e) To review the quarterly reporting to the Bursa Securities and year end annual financial statements of the Group before submission to the Board, focusing on:
 - compliance with accounting standards and regulatory requirements;
 - any major changes in accounting policies;
 - significant and unusual items and events.
- f) To review any related party transaction and conflict of interests situation that may arise within the Group including any transactions, procedure or course of conduct that raises questions of management integrity;
- g) To consider the appointment of the External Auditors, the terms of reference of its appointment and any question of resignation and dismissal before making a recommendation to the Board;
- h) To review the adequacy and effectiveness of risk management, internal control and governance systems instituted in the Group;
- i) To perform such other functions and responsibilities as may be agreed by the Committee and the Board, and as may be required from time to time in compliance with the Main Market Listing Requirements.

3. INTERNAL AUDIT FUNCTION

The Internal Audit function is performed in-house by the Group Internal Audit Department and is outsourced to two internal auditors. The Internal Audit function is independent of the activities audited.

The total cost incurred for the Internal Audit function in respect of the financial year ended 31 July 2013 amounted to RM563,567.00. The function is performed with impartiality, proficiency and due professional care.

The Internal Audit Department reports directly to the Audit Committee Chairman, and regularly reviews and appraises the Group's key operations to ensure that key risk and control concerns are being effectively managed.

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR

During the financial year, the activities of the committee included:

- 4.1 Reviewing the quarterly financial result announcements of the Group prior to seeking the Board of Directors' approval and releasing the results to the Bursa Securities.
- 4.2 Reviewing the audit strategy and plan of the External Auditors.
- 4.3 Reviewing External Auditors' reports in relation to audit and accounting issues arising from the audit, and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.
- 4.4 Reviewing the annual financial statements of the Group and the Company.
- 4.5 Reviewing the Internal Audit functions and the recommendations on their findings.
- 4.6 The Audit Committee reviewed and approved the Internal Audit Plan for the year 2013/2014.
- 4.7 The Audit Committee met with the External Auditors twice (2) without the presence of the Executive Directors and the Management.

REPORT OF THE AUDIT COMMITTEE

The internal audits conducted during the financial period did not reveal material weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

5. ATTENDANCE

The Audit Committee convened six (6) meetings during the financial year ended 31 July 2013. Details of the attendance are as follows:

	<i>Attendance</i>
Dr Choong Tuck Yew	6/6
Encik Fazrin Azwar Bin Md Nor	6/6
Datin Shirley Yue Shou How	6/6

This Report was made in accordance with a resolution of the Board dated 26 November 2013.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets.

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of Poh Kong Holdings Berhad is pleased to present the following Statement on Risk Management and Internal Control. This Statement outlines the nature and scope of risk management and internal control of the Group and covers all of the Group's operations.

2. BOARD'S RESPONSIBILITIES

The Board recognises its responsibilities over the Group's system of internal controls, covering all its financial and operating activities to safeguard shareholders' investment and the Group's assets.

The Board has a current internal control system which identifies, evaluates and manages the significant risks encountered by the Group.

In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate the risk of failure to achieve the Group's corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Audit Committee that is in the process of being constituted will assist the Board to review the adequacy and effectiveness of the system of internal controls in the Group and to ensure that a mix of techniques is used to obtain the level of assurance required by the Board.

The Board has received assurance from the Group Managing Director and the Group Accountant that the Group's risk management and internal control system will operate adequately and effectively, in all material aspects, based on the risk management and internal control system.

3. RISK MANAGEMENT

The Board is embarking on the risk management framework to identify, measure and manage the Group's principal risks. This process will be carried out via the following risk management governance structure:-

- The Board – is fully responsible for the risk management of the Group and has carried out its duties by having regular Board meetings to review and approve business strategies, risk management policies and business performance of the Group.
- The Audit Committee ("AC") – whose key function is to review the adequacy and effectiveness of internal control and governance systems of the Group. The AC's main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risk inherent in the business and to present its findings to the Board. The AC assumes its roles and responsibilities via the internal audit function.

The Board recommends the formation of the Risk Management Committee ('RMC') whose key function is to review the adequacy and effectiveness of risk management of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4. INTERNAL AUDIT FUNCTION

The Internal Audit Department independently reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass reviewing critical areas that the Group faces, and will report to the Audit Committee on a quarterly basis.

The Internal Audit Department also carried out internal control reviews on key activities of the Group's business on the basis of an annual internal audit plan that will be presented and approved by the Audit Committee.

5. KEY INTERNAL CONTROL PROCESSES

The Board is committed to maintain a strong control structure whereby internal control is embedded in the business processes for the Group to pursue its objectives. The key features of the Group's internal control system are:

5.1 Control Environment

(i) Organization Structure and Authorization Procedures

The Group maintains formal and structured lines of reporting that includes clear definition of responsibilities and delegation of authority. It sets out the roles and responsibilities, review and approval procedures to enhance the Internal Control system of the Group's various operations. Limits of authorities are imposed for revenue and capital expenditure for all operating units to keep potential exposure under control. Capital and revenue expenditure, acquisition and disposal of investment interests are duly approved before they are carried out.

(ii) Annual Budget

Budgetary control is applied to every Company in the Group and actual performance is closely monitored against budgets to identify significant variances. Discussions are held between the Management and the Head of Operating Units to ensure the budgets are attainable and realistic.

(iii) Active Involvement by Executive Directors

The Executive Directors are actively involved in the running of the business and operations and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.

(iv) Policies and Procedures

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include standard operating procedures, memorandum, manuals and handbooks that are periodically updated when needs arise to meet the changing environment requirements.

(v) Trained Personnel

Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programmes and workshops to enhance their knowledge and expand the employees' competency level in executing daily jobs.

(vi) Board Committees

Board Committees such as Audit Committee, Nomination Committee and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Board Committees assist the Board to review the effectiveness of the on-going monitoring processes on risk and control matters for areas within their scope.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

5.2 Internal Audit Function

The Group's internal audit function is carried out by both outsourced internal auditors and in-house internal audit department to assist the Audit Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial period ended 31 July 2013, the internal audit function carried out audits in accordance with the internal audit plan approved by the Audit Committee. The results of the internal audit reviews and the recommendations for improvement were presented to the Audit Committee at their quarterly meetings.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

5.3 Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

5.4 Monitoring and Review

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. The Senior Management Team meets regularly to review the reports, monitors the business development and resolves key operational and management issues. The quarterly financial statements containing key financial results and comparisons are presented to the Board for review.

6. WEAKNESSES IN INTERNAL CONTROLS

There were no major weaknesses in internal control which resulted in material losses during the current financial period.

7. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, this Statement has been reviewed by the External Auditors for inclusion in the Annual Report of the Group for the period ended 31 July 2013. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

8. CONCLUSION

The Board is of the view that the Group's informal systems of risk management and internal controls are adequate in achieving its business objectives. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board and the Management maintain an on-going commitment to continue taking appropriate measures to enhance and strengthen the risk management and internal controls of the Group.

The Board is aware of the need to have in place a formalized risk management and internal control framework to safeguard shareholders' investment, interest of the customers, regulators, employees and the Group's assets. The Board plans to finalize the framework in the forthcoming financial year.

This statement was made in accordance with the resolution of the Board dated 26 November 2013.

OTHER COMPLIANCE INFORMATION

In compliance with the listing requirements of Bursa Malaysia Securities Berhad.

1) Utilization of Proceeds

No proceeds were raised by the Company.

2) Share Buy-Back

There was no share buy-back of the Company's shares during the financial year.

3) Options, Warrant or Convertible Securities

There were no options, warrant or convertible securities issued to any parties during the financial year.

4) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR.

5) Imposition of Sanctions and/or Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory authorities.

6) Non-Audit Fees

No non-audit fee was paid in respect of the financial year.

7) Variation in Results

There was no material variance between the results for the financial year and the unaudited results previously announced.

8) Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

9) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/or major shareholders and/or related parties.

10) Recurrent Related-Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 31 to the Financial Statements.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Malaysian Company Law requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results of their operations, changes in equity and of the cash flows of the Company and the Group for the period then ended. As required by the Companies Act, 1965 ("the Act") and the Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Act.

In preparing the financial statements for the year ended 31 July 2013, the Directors have :

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable Financial Reporting Standards have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at all times the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Act. The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

This Statement was made in accordance with a resolution of the Board dated 26 November 2013.





Choice

Design
Price
Location
Convenience

FINANCIAL STATEMENTS

60-64	DIRECTORS' REPORT
65-66	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
67	STATEMENT OF FINANCIAL POSITION
68	STATEMENTS OF COMPREHENSIVE INCOME
69	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
70	STATEMENT OF CHANGES IN EQUITY
71-72	CONSOLIDATED STATEMENT OF CASH FLOWS
73-74	STATEMENT OF CASH FLOWS
75-150	NOTES TO THE FINANCIAL STATEMENTS
151	SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES
152	STATEMENT BY DIRECTORS / STATUTORY DECLARATION
153-154	INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POH KONG HOLDINGS BERHAD

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st July 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services.

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

Other than as disclosed in Note 5 to the financial statements, there have been no significant changes in the nature of these activities during the financial year under review.

RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	33,969,122	3,933,640
Other comprehensive income, net of tax	22,884,208	-
Total comprehensive income for the financial year	56,853,330	3,933,640
Attributable to:-		
Owners of the Company	56,853,330	3,933,640
Non-controlling interests	-	-
	56,853,330	3,933,640

DIVIDENDS

Dividend paid or declared by the Company since the end of the previous financial year were as follows:-

	RM
a) In respect of the financial year ended 31st July 2012:-	
- Single-tier first and final dividend of 1-50 sen on 410,351,752 ordinary shares of RM0-50 each	6,155,276

At the forthcoming Annual General Meeting, a single tier first and final dividend of 1-40 sen on 410,351,752 ordinary shares of RM0-50 each amounting to RM5,744,925 in respect of the current financial year ended 31st July 2013 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31st July 2014.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfer to and from reserves and provisions during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for impairment losses on receivables, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors, no contingent liabilities or other liabilities of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS

The directors in office since the date of the last report and the date of this report are:-

Dato' Choon Yee Seiong
Cheong Teck Chong
Choon Nee Siew
Chang Kwong Him
Choon Yee Bin
Siow Der Ming
Dr. Choong Tuck Yew
Fazrin Azwar Bin Md. Nor
Datin Yue Shou How, Shirley

In accordance with Article 80 of the Company's Articles of Association, Mr. Cheong Teck Chong, Madam Choon Nee Siew and Encik Fazrin Azwar Bin Md. Nor retire from the Board by rotation at the forthcoming annual general meeting and being eligible offers themselves for re-election at the forthcoming annual general meeting.

Dr. Choong Tuck Yew who retires pursuant to Section 129(2) of the Companies Act, 1965, being eligible offers himself for re-appointment at the forthcoming annual general meeting.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31st July 2013 are as follows:-

		NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
		AT			AT
		1.8.2012	BOUGHT	SOLD	31.7.2013
THE COMPANY					
POH KONG HOLDINGS BERHAD					
<i>DIRECT INTEREST</i>					
Dato' Choon Yee Seiong		9,263,746	2,128,500	-	11,392,246
Cheong Teck Chong		2,273,928	-	-	2,273,928
Choon Nee Siew		4,706,742	-	-	4,706,742
Chang Kwong Him		295,006	-	-	295,006
Siow Der Ming		616,118	-	-	616,118
Choon Yee Bin		30	200,000	-	200,030
Dr. Choong Tuck Yew		217,500	-	-	217,500
Fazrin Azwar Bin Md. Nor		35,000	-	-	35,000
<i>INDIRECT INTEREST</i>					
Dato' Choon Yee Seiong	(i)	249,482,528	1,155,000	-	250,637,528
Cheong Teck Chong	(i)	239,789,648	-	20,000	239,769,648
Choon Nee Siew	(ii)	252,254,572	2,328,500	20,000	254,563,072
Chang Kwong Him	(iii)	1,395,072	-	-	1,395,072
Siow Der Ming	(iii)	2,320,080	-	-	2,320,080
Choon Yee Bin	(i)	257,068,034	2,128,500	-	259,196,534
Dr. Choong Tuck Yew	(iii)	155,000	-	-	155,000

		NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
		AT		CAPITAL	AT
		1.8.2012	BOUGHT	REDUCTION	31.7.2013
ULTIMATE HOLDING COMPANY					
POH KONG SDN. BHD.					
<i>DIRECT INTEREST</i>					
Dato' Choon Yee Seiong		41,939,984	-	5,373,894	36,566,090
Cheong Teck Chong		22,963,625	-	2,942,396	20,021,229
Choon Nee Siew		19,338,967	-	2,477,959	16,861,008
Chang Kwong Him		2,329,136	-	298,439	2,030,697
Siow Der Ming		1,995,517	-	255,691	1,739,826
Choon Yee Bin		3,440,892	-	440,892	3,000,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (Cont'd)

- (i) Held by spouse and persons connected to the director and ultimate holding company.
- (ii) Held by persons connected to the director and ultimate holding company.
- (iii) Held by spouse and persons connected to the director.

By virtue of their interests in the shares of the ultimate holding company, these directors are deemed interested in the shares of the Company and its related corporations to the extent the ultimate holding company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events that occurred during the financial year are disclosed in Note 35 to the financial statements.

ULTIMATE HOLDING COMPANY

The directors regard Poh Kong Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

DATO' CHOON YEE SEIONG

Director

Petaling Jaya

Date: 26th November 2013

CHEONG TECK CHONG

Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST JULY 2013

Group	Note	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	4	119,254,351	88,277,538	88,613,953
Investment property	6	240,000	240,000	240,000
Other investments	7	527,999	527,999	527,999
Goodwill on consolidation	8	1,485,140	1,485,140	1,485,140
Deferred tax assets	9	6,334,409	1,214,715	678,715
Total non-current assets		127,841,899	91,745,392	91,545,807
Current assets				
Inventories	10	569,447,467	549,210,185	443,668,132
Trade and other receivables	11	3,413,815	3,016,171	1,983,936
Deposits and prepayments	12	11,596,988	11,907,421	9,346,365
Tax recoverable		10,714,024	7,834,205	5,616,498
Fixed deposits placed with licensed banks	13	18,026,052	3,912,066	5,092,709
Cash and bank balances		22,306,102	18,273,892	19,155,534
Total current assets		635,504,448	594,153,940	484,863,174
TOTAL ASSETS		763,346,347	685,899,332	576,408,981
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	15	205,175,876	205,175,876	205,175,876
Reserves	16	237,339,731	186,641,677	140,820,977
Total equity		442,515,607	391,817,553	345,996,853

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT 31ST JULY 2013

Group	Note	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Non-current liabilities				
Bank borrowings	17	140,480,403	131,831,614	24,974,331
Deferred tax liabilities	9	10,717,501	7,236,761	7,070,159
Total non-current liabilities		151,197,904	139,068,375	32,044,490
Current liabilities				
Trade and other payables	18	29,865,260	44,389,761	38,184,021
Deposits and accruals	18	16,825,324	16,695,821	12,790,495
Bank borrowings	17	118,648,260	72,104,508	125,522,617
Amount due to ultimate holding company	19	300,000	15,000,000	15,000,000
Amount due to directors	20	3,599,370	3,111,752	2,817,474
Tax payable		394,622	3,711,562	4,053,031
Total current liabilities		169,632,836	155,013,404	198,367,638
Total liabilities		320,830,740	294,081,779	230,412,128
TOTAL EQUITY AND LIABILITIES		763,346,347	685,899,332	576,408,981

STATEMENT OF FINANCIAL POSITION

AS AT 31ST JULY 2013

Company	Note	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	4	1,591,791	1,818,044	1,792,748
Investments in subsidiaries	5	160,921,242	161,094,281	156,773,424
Deferred tax assets	9	2,325,279	1,214,715	678,715
Total non-current assets		164,838,312	164,127,040	159,244,887
Current assets				
Trade and other receivables	11	8,929,755	5,249,606	10,626,061
Deposits and prepayments	12	1,310,330	2,636,604	235,873
Tax recoverable		4,669,166	6,955,272	4,492,855
Fixed deposits placed with licensed bank	13	30,000	30,000	-
Amount due by subsidiaries	14	330,216,472	246,434,630	154,870,429
Cash and bank balances		1,246,382	1,424,160	823,177
Total current assets		346,402,105	262,730,272	171,048,395
TOTAL ASSETS		511,240,417	426,857,312	330,293,282
EQUITY AND LIABILITIES				
Equity attributable to owner of the Company				
Share capital	15	205,175,876	205,175,876	205,175,876
Reserves	16	23,765,210	25,986,846	21,322,340
Total equity		228,941,086	231,162,722	226,498,216
Non-current liability				
Bank borrowings	17	130,240,002	120,163,496	13,164,283
Total non-current liability		130,240,002	120,163,496	13,164,283
Current liabilities				
Other payables and accruals	18	7,698,690	10,471,127	16,352,716
Bank borrowings	17	90,788	92,689	52,019,644
Amount due to ultimate holding company	19	300,000	15,000,000	15,000,000
Amount due to directors	20	1,507,531	1,253,485	1,007,609
Amount due to subsidiaries	14	142,462,320	48,713,793	6,250,814
Total current liabilities		152,059,329	75,531,094	90,630,783
Total liabilities		282,299,331	195,694,590	103,795,066
TOTAL EQUITY AND LIABILITIES		511,240,417	426,857,312	330,293,282

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	21	975,784,460	830,118,256	35,782,099	44,015,520
Cost of sales		(757,405,746)	(593,770,216)	-	-
Gross profit		218,378,714	236,348,040	35,782,099	44,015,520
Other operating income		1,162,261	1,777,503	789,373	129,040
Administrative expenses		(76,390,903)	(78,967,282)	(20,938,644)	(23,666,835)
Selling and distribution expenses		(88,553,485)	(76,161,153)	-	-
Finance costs	23	(14,021,640)	(12,048,081)	(8,799,755)	(7,998,399)
Profit before taxation	22	40,574,947	70,949,027	6,833,073	12,479,326
Taxation	24	(6,605,825)	(19,383,402)	(2,899,433)	(2,069,895)
Profit after taxation		33,969,122	51,565,625	3,933,640	10,409,431
Other comprehensive income, net of taxation		22,884,208	-	-	-
Total comprehensive income for the financial year		56,853,330	51,565,625	3,933,640	10,409,431
Profit after taxation attributable to:					
Owners of the Company		33,969,122	51,565,625	3,933,640	10,409,431
Non-controlling interests		-	-	-	-
		33,969,122	51,565,625	3,933,640	10,409,431
Total comprehensive income attributable to:					
Owners of the Company		56,853,330	51,565,625	3,933,640	10,409,431
Non-controlling interests		-	-	-	-
		56,853,330	51,565,625	3,933,640	10,409,431
Earnings per share (sen)					
- basic	25	8-28	12-57		
- diluted	25	8-28	12-57		
Proposed net dividends per share (sen)		1-40	1-50		

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2013

	Note	← Attributable to equity holders of the Company →			Total equity RM
		Share capital RM	Revaluation reserve RM	Retained profits RM	
At 1st August 2011		205,175,876	4,220,866	136,600,111	345,996,853
Total comprehensive income for the financial year		-	-	51,565,625	51,565,625
Transactions with owners					
Dividends	26	-	-	(5,744,925)	(5,744,925)
		-	-	(5,744,925)	(5,744,925)
At 31st July 2012		205,175,876	4,220,866	182,420,811	391,817,553
Other comprehensive income, net of tax					
Revaluation of land and buildings		-	26,555,746	-	26,555,746
Deferred taxation liabilities of net surplus on revaluation of land and buildings		-	(3,671,538)	-	(3,671,538)
Total other comprehensive income, net of tax		-	22,884,208	-	22,884,208
Profit after taxation for the financial year		-	-	33,969,122	33,969,122
Transactions with owners					
Dividends	26	-	-	(6,155,276)	(6,155,276)
		-	-	(6,155,276)	(6,155,276)
At 31st July 2013		205,175,876	27,105,074	210,234,657	442,515,607

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2013

	Note	Share capital RM	Retained profits RM	Total equity RM
At 1st August 2011		205,175,876	21,322,340	226,498,216
Total comprehensive income for the financial year		-	10,409,431	10,409,431
Transactions with owners				
Dividends	26	-	(5,744,925)	(5,744,925)
		-	(5,744,925)	(5,744,925)
At 31st July 2012		205,175,876	25,986,846	231,162,722
Total comprehensive income for the financial year		-	3,933,640	3,933,640
Transactions with owners				
Dividends	26	-	(6,155,276)	(6,155,276)
		-	(6,155,276)	(6,155,276)
At 31st July 2013		205,175,876	23,765,210	228,941,086

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2013

	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	40,574,947	70,949,027
Adjustments for:-		
Allowance for doubtful debts	595,075	-
Bad debts written off	-	18,650
Deposits written off	-	56,750
Depreciation of property, plant and equipment	10,050,422	9,613,913
Dividend income	(299,998)	(449,997)
Gain on disposal of property, plant and equipment	(269,016)	(234,403)
Interest expenses	14,021,640	12,048,081
Interest income	(299,587)	(158,112)
Inventories loss	260,628	381,659
Loss on disposal of property, plant and equipment	29,768	1,560
Property, plant and equipment written off	641,483	793,493
Reversal of allowance for doubtful debts	-	(218,687)
	65,305,362	92,801,934
Changes in working capital:-		
Inventories	(20,497,910)	(105,923,712)
Receivables	(682,286)	(3,450,004)
Payables	(20,498,273)	10,111,066
Directors	487,618	294,278
	(41,190,851)	(98,968,372)
	24,114,511	(6,166,438)
Tax paid	(18,955,328)	(22,311,976)
Tax refund	842,251	-
Net Operating Cash Flows	6,001,434	(28,478,414)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividend received	299,998	449,997
Proceeds from disposal of property, plant and equipment	260,478	424,827
Purchase of property, plant and equipment	(6,882,126)	(7,147,272)
Interest received	299,587	158,112
Net withdrawal of fixed deposit	3,880,720	1,180,643
Net Investing Cash Flows	(2,141,343)	(4,933,693)

CONSOLIDATED STATEMENT OF

CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2013

	2013	2012
	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net withdrawal of borrowings	50,428,849	10,305,790
Net drawdown of term loan	9,365,382	54,469,653
Net changes in amount due to immediate holding company	(14,700,000)	-
Repayment of finance lease payables	(2,479,590)	(461,644)
Net repayment of hire purchase payables	(1,788,133)	(1,677,658)
Interest paid	(14,021,640)	(12,048,081)
Dividend paid	(6,155,276)	(5,744,925)
Net Financing Cash Flows	20,649,592	44,843,135
NET CHANGE IN CASH AND CASH EQUIVALENTS	24,509,683	11,431,028
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	14,819,099	3,388,071
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	39,328,782	14,819,099
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Fixed deposits with licensed banks	18,026,052	3,912,066
Less: fixed deposits pledged to licensed banks	(30,000)	(3,910,720)
	17,996,052	1,346
Cash and bank balances	22,306,102	18,273,892
Bank overdrafts	(973,372)	(3,456,139)
	39,328,782	14,819,099

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2013

Company	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	6,833,073	12,479,326
Adjustments for:-		
Depreciation of property, plant and equipment	607,852	527,292
Dividend income	(12,812,602)	(25,784,848)
Loss/(Gain) on disposal of property, plant and equipment	3,833	(22,820)
Impairment loss on investment in subsidiaries	173,039	1,554
Interest expenses	8,799,755	7,998,399
Interest income	(7,251,823)	(5,816,964)
	(3,646,873)	(10,618,061)
Changes in working capital:-		
Receivables	(2,353,875)	(2,240,988)
Payables	(8,715,713)	4,652,176
Directors	254,047	245,876
	(10,815,541)	2,657,064
	(14,462,414)	(7,960,997)
Tax paid	(7,056)	(12,464)
Tax refund	739,767	22,000
Net Operating Cash Flows	(13,729,703)	(7,951,461)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	7,251,823	5,816,964
Dividend received	25,784,848	15,938,000
Proceeds from disposal of property, plant and equipment	9,500	71,800
Proceeds from disposal of investments in subsidiary companies	-	2
Additional shares subscribed on investments in subsidiary companies	-	(4,322,413)
Purchase of property, plant and equipment	(394,932)	(501,368)
Net Investing Cash Flows	32,651,239	17,002,985

STATEMENT OF
CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31ST JULY 2013

Company	2013 RM	2012 RM
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net bank borrowings raised	10,175,000	70,000,000
Placement of fixed deposits	-	(30,000)
Repayments of term loans	-	(14,761,889)
Repayments of finance lease payables	(23,625)	(192,375)
Repayments of hire purchase payables	(76,771)	(73,678)
Interest paid	(8,799,755)	(7,998,399)
Dividend paid	-	(5,744,925)
Decrease in amounts due by ultimate holding company	(14,700,000)	-
Increase in amounts due by Subsidiary Companies	(99,210,690)	(56,477,120)
Increase in amounts due to Subsidiary Companies	93,536,527	6,827,845
Net Financing Cash Flows	(19,099,314)	(8,450,541)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(177,778)	600,983
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	1,424,160	823,177
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	1,246,382	1,424,160
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Fixed deposits placed with licensed banks	30,000	30,000
Less: fixed deposits pledged to licensed banks	(30,000)	(30,000)
	-	-
Cash and bank balances	1,246,382	1,424,160
	1,246,382	1,424,160

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged as investment holding and the provision of management services whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 07-02, Level 7, Persoft Tower, 6B, Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No.16-20, Jalan 52/4, 46200 Petaling Jaya, Selangor Darul Ehsan respectively.

The ultimate holding company, Poh Kong Sdn. Bhd. is incorporated and domiciled in Malaysia.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26th November 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3.

The financial statements of the Group and of the Company for the financial year ended 31st July 2013 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Group and the Company were prepared in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Int

(a) Explanation of Transition to MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19th November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1st January 2015. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 31st July 2013.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1st January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company have consistently applied the same accounting policies in their opening MFRSs statement of financial position as at 1st August 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

As at 31st July 2012, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs.

The adoption of the MFRSs for the current financial year did not result in any changes in accounting policies and material adjustments to the Company's statements of financial position, statements of comprehensive income and statements of cash flows which are reported in accordance with the previous FRSs.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(a) Explanation of Transition to MFRSs (cont'd)

The Group and the Company have not adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
<u>Revised MFRSs</u>		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
MFRS 7	Financial Instruments: Disclosures	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
MFRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
MFRS 116	Property, Plant and Equipment	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134	Interim Financial Reporting	1 January 2013
<u>New IC Int</u>		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
<u>Amendments to IC Int</u>		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

A brief discussion on the above significant new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(a) Explanation of Transition to MFRSs (cont'd)

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

(b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

MFRS 11 Joint Arrangements

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for it using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

- (b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

This revised MFRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised MFRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 9.

Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) **Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(a) Basis of Consolidation (cont'd)

Subsidiaries are entities in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss.

The financial statements of the subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Acquisitions of subsidiaries are accounted for using the purchase method. Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The accounting policy on goodwill is set out in Note 2.3(b) to the financial statements.

Any excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Intra-group transactions, balances and resulting unrealised gains on transactions within the Group are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation unless costs cannot be recovered. When necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those adopted by the Group.

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through subsidiary. It is measured as the non-controlling share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since that date.

Where losses applicable to the non-controlling interest exceed the non-controlling interest in the equity of a subsidiary, the excess and any further losses applicable to the non-controlling are charged against the Group's interest except to the extent that the non-controlling has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profit until the non-controlling share of losses previously absorbed by the Group has been recovered.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(a) Basis of Consolidation (cont'd)

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences and carrying amount of goodwill that relate to the subsidiary and is recognised in the consolidated statement of comprehensive income.

In accordance with MFRS 127, Consolidated and Separate Financial Statements (revised), upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(b) Intangible Assets

Goodwill on consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

(i) Acquisition before 1st January 2011

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in the profit or loss.

(ii) Acquisition on or after 1st January 2011

For acquisitions on or after 1st January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(b) Intangible Assets (cont'd)

(ii) Acquisition on or after 1st January 2011 (cont'd)

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Gain or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment, except for freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land, leasehold land and building are stated at revalued amount, being its fair value at the revaluation less any subsequent depreciation and subsequent impairment losses. Revaluation is made every five years by external independent valuers.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(c) Property, Plant and Equipment and Depreciation (cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reserves a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to the retained earnings on retirement or disposal of the asset.

Freehold land has an indefinite useful life and therefore is not depreciated. Building-in-progress is stated at cost and not depreciated. Depreciation on building-in-progress commences when the assets are ready for their intended use.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each assets to its residual value over the estimated useful life, at the following principal annual rates:-

Buildings – freehold	2%
Buildings – leasehold	remaining lease period of ranges from 41 to 91 years
Leasehold land	remaining lease period of ranges from 41 to 91 years
Plant and machinery	20%
Equipment, furniture and fitting	10 – 20%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at the end of the reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

The item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(d) Investment Property

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses.

In the previous financial years, subsequent to initial recognition, investment properties are stated at fair value.

During the financial year, the Group adopted the cost model upon the adoption of MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards in which the fair value of the investment properties as at 1st August 2011 will be considered as deemed cost pursuant to the exemptions available in MFRS 1.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(e) Impairment of Non Financial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future value cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of the assets exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(e) Impairment of Non Financial Assets (cont'd)

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent period.

(f) Financial Assets

Financial asset are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not a fair value through profit or loss, directly attributable to transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income on the financial assets at fair value through profit or loss are recognised separately in the profit or loss as part of other losses or other income.

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current or non-current based on the settlement date.

As at the end of financial period, there were no financial assets classified under this category.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(f) Financial Assets (cont'd)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting period which are classified as non-current.

(iii) Held-to-maturity investment

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

As at the end of financial period, there were no financial assets classified under this category.

(iv) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(f) Financial Assets (cont'd)

(iv) Available-for-sale financial assets (cont'd)

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting period.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(g) Impairment of Financial Assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local or economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(g) Impairment of Financial Assets (cont'd)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss of an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(h) Inventories

Inventories are valued at the lower of the cost and net realisable value. The cost of inventories is measured based on weighted average method.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits (other than deposits pledged with financial institutions), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

(j) Foreign Currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(k) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

As at the end of financial period, there were no financial assets classified under this category.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(l) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group as issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

(m) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(n) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from service and repairs is recognised when services are rendered.

Dividend income is recognized in profit or loss when the right to receive payment is established.

Management fee is recognised in the profit or loss as it accrues.

Interest income is recognised using the effective interest method.

Advertising and promotion recovery revenue is recognized in profit or loss as it accrues.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(o) Income Taxes

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(p) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(q) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

The Group and Company contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company has no further liability in respect of the defined contribution plans.

(r) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(s) Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(t) Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Group Executive Committee, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:- (cont'd)

(u) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements Made in Applying Accounting Policies

Judgements made by Management in the process of applying the Group's accounting policies which have significant effect on the amounts recognised in the financial statements are discussed below:-

(i) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, Management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, Management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

3.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Property, plant and equipment excluding freehold land are depreciated on a straight line basis over the assets useful lives. The Management estimates the useful lives of these property, plant and equipment to be within 5 to 91 years.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Valuation of Property, Plant and Equipment

Freehold land, leasehold land and buildings are carried at revalued amount. Revaluation of these assets is based on valuation performed by independent professional valuers.

The independent professional valuers may exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in their valuation process. Judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations may materially affect these estimates and the resulting valuation estimates.

(iii) Income Taxes

Certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iv) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on Management's estimates of future cash flows. These depend on estimates of future fees receivable, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

3.2 Key Sources of Estimation Uncertainty (cont'd)

(v) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flow.

(vi) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires directors to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(vii) Net realisable values of inventories

Reviews are made periodically by directors on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

As at the end of the reporting period, the directors of the Group are of the opinion that there is no adjustment required.

(viii) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Directors specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(ix) Impairment of Available-for-Sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(x) Determination of Fair Value

The directors are of the opinion that the carrying amounts of the non-current financial liabilities approximate their fair values because they are floating rate instruments which are deemed to be re-priced at the current prevailing market rates or their rates approximate its current prevailing market rates.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

Group 2013	Freehold land RM	Leasehold land RM	Buildings RM	Buildings- in-progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Cost/Valuation								
At 1st August 2012	10,476,667	10,305,075	30,566,744	427,951	75,405,151	6,723,537	12,263,848	146,168,973
Additions	-	-	-	6,854,027	5,427,899	486,342	2,365,933	15,134,201
Disposals/ written off	-	-	-	-	(3,290,738)	(25,941)	(1,113,714)	(4,430,393)
Elimination of accumulated depreciation on revaluation	-	(2,240,070)	(2,841,162)	-	-	-	-	(5,081,232)
Revaluation surplus	10,178,875	13,324,995	3,051,876	-	-	-	-	26,555,746
At 31st July 2013	20,655,542	21,390,000	30,777,458	7,281,978	77,542,312	7,183,938	13,516,067	178,347,295
Representing:-								
- cost	-	-	-	7,281,978	77,542,312	7,183,938	13,516,067	105,524,295
- revaluation	20,655,542	21,390,000	30,777,458	-	-	-	-	72,823,000
	20,655,542	21,390,000	30,777,458	7,281,978	77,542,312	7,183,938	13,516,067	178,347,295
Accumulated depreciation								
At 1st August 2012	-	2,126,245	2,220,524	-	41,949,222	4,036,535	7,130,958	57,463,484
Depreciation for the financial year	-	113,825	620,638	-	6,571,043	492,928	2,251,988	10,050,422
Disposals/ written off	-	-	-	-	(2,670,570)	(25,941)	(1,071,170)	(3,767,681)
Elimination of accumulated depreciation on revaluation	-	(2,240,070)	(2,841,162)	-	-	-	-	(5,081,232)
At 31st July 2013	-	-	-	-	45,849,695	4,503,522	8,311,776	58,664,993
Accumulated impairment losses								
At 1st August 2012/ 31st July 2013	-	-	-	427,951	-	-	-	427,951
Net carrying value at 31st July 2013								
	20,655,542	21,390,000	30,777,458	6,854,027	31,692,617	2,680,416	5,204,291	119,254,351

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2012	Freehold land RM	Leasehold land RM	Buildings RM	Buildings- in-progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Cost/Valuation								
At 1st August 2011	10,476,667	10,305,075	30,566,744	427,951	70,528,681	5,958,758	11,611,779	139,875,655
Additions	-	-	-	-	7,489,146	764,779	2,009,050	10,262,975
Disposals/ written off	-	-	-	-	(2,612,676)	-	(1,356,981)	(3,969,657)
At 31st July 2012	10,476,667	10,305,075	30,566,744	427,951	75,405,151	6,723,537	12,263,848	146,168,973
Representing:-								
- cost	-	-	-	427,951	75,405,151	6,723,537	12,263,848	94,820,487
- revaluation	10,476,667	10,305,075	30,566,744	-	-	-	-	51,348,486
	10,476,667	10,305,075	30,566,744	427,951	75,405,151	6,723,537	12,263,848	146,168,973
Accumulated depreciation								
At 1st August 2011	-	1,975,549	1,625,036	-	37,405,799	3,552,804	6,274,563	50,833,751
Depreciation for the financial year	-	150,696	595,488	-	6,283,500	483,731	2,100,498	9,613,913
Disposals/ written off	-	-	-	-	(1,740,077)	-	(1,244,103)	(2,984,180)
At 31st July 2012	-	2,126,245	2,220,524	-	41,949,222	4,036,535	7,130,958	57,463,484
Accumulated impairment losses								
At 1st August 2011	-	-	-	427,951	-	-	-	427,951
Charge for the financial year	-	-	-	-	-	-	-	-
At 31st July 2012	-	-	-	427,951	-	-	-	427,951
Net carrying value at 31st July 2012								
	10,476,667	8,178,830	28,346,220	-	33,455,929	2,687,002	5,132,890	88,277,538
Representing:-								
- cost	-	-	-	-	33,455,929	2,687,002	5,132,890	41,275,821
- valuation	10,476,667	8,178,830	28,346,220	-	-	-	-	47,001,717
	10,476,667	8,178,830	28,346,220	-	33,455,929	2,687,002	5,132,890	88,277,538
Net carrying value at 1st August 2011								
	10,476,667	8,329,526	28,941,708	-	33,122,882	2,405,954	5,337,216	88,613,953
Representing:-								
- cost	-	-	-	-	33,122,882	2,405,954	5,337,216	40,866,052
- valuation	10,476,667	8,329,526	28,941,708	-	-	-	-	47,747,901
	10,476,667	8,329,526	28,941,708	-	33,122,882	2,405,954	5,337,216	88,613,953

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company 2013	Furniture and fittings RM	Motor vehicles RM	Total RM
Cost			
At 1st August 2012	2,938,484	414,172	3,352,656
Additions	202,615	192,317	394,932
Written off	-	(16,000)	(16,000)
At 31st July 2013	3,141,099	590,489	3,731,588
Accumulated depreciation			
At 1st August 2012	1,394,430	140,182	1,534,612
Depreciation for the financial year	515,957	91,895	607,852
Written off	-	(2,667)	(2,667)
At 31st July 2013	1,910,387	229,410	2,139,797
Net carrying value at 31st July 2013	1,230,712	361,079	1,591,791
2012			
Cost			
At 1st August 2011	2,459,891	423,319	2,883,210
Additions	478,593	122,975	601,568
Disposals	-	(132,122)	(132,122)
At 31st July 2012	2,938,484	414,172	3,352,656
Accumulated depreciation			
At 1st August 2011	948,004	142,458	1,090,462
Depreciation for the financial year	446,426	80,866	527,292
Disposals	-	(83,142)	(83,142)
At 31st July 2012	1,394,430	140,182	1,534,612
Net carrying value at 31st July 2012	1,544,054	273,990	1,818,044
Net carrying value at 31st July 2011	1,511,887	280,861	1,792,748

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) During the year, the Group and the Company acquired property, plant and equipment with aggregate costs of RM9,030,926/- (31.7.2012: RM10,262,975/-; 1.8.2011: RM11,256,626/-) and RM394,932/- (31.7.2012: RM601,568/-; 1.8.2011: RM1,026,032/-) respectively of which RM2,148,000/- (31.7.2012: RM3,115,703/-; 1.8.2011: RM4,703,651/-) and RM175,000/- (31.7.2012: RM100,200/-; 1.8.2011: RM434,400/-) were acquired by means of hire purchase and finance lease arrangement respectively. Cash payments of RM6,882,926/- (31.7.2012: RM7,147,272/-; 1.8.2011: RM6,552,975/-) and RM219,932/- (31.7.2012: RM501,368/-; 1.8.2011: RM591,632/-) were used to acquire property, plant and equipment for the Group and for the Company respectively.
- (b) The long-term leasehold land and buildings of the Group has an unexpired lease period of more than 50 years, except for leasehold land and building with net carrying amount of RM2,500,000/- (31.7.2012: RM737,991/-; 1.8.2011: RM754,243/-) which has a lease period of less than 50 years.
- (c) The building-in-progress of the Group was in respect of the acquisition of building which was yet to be finalised as at the reporting date. In the previous financial year, the carrying value was fully impaired by the management.
- (d) Net carrying amount of motor vehicles acquired under hire purchase arrangements of which instalments are still outstanding at the reporting date is as follows :-

	Group			Company		
	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Motor vehicles	5,204,291	5,132,035	5,290,383	353,080	273,990	258,463

- (e) Net carrying amount of equipment, furniture and fittings acquired under finance lease arrangement of which instalments are still outstanding at the reporting date are as follows :-

	Group			Company		
	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Equipment, furniture and fittings	3,137,890	5,263,111	7,455,587	-	189,000	252,200

- (f) Net carrying amounts of properties pledged as securities for bank borrowings as stated in Note 17 to the financial statements are as follows :-

	Group		
	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
At valuation			
- Freehold land	20,365,000	6,500,000	6,500,000
- Long-term leasehold land	15,750,000	1,973,585	5,770,226
- Buildings	22,038,000	26,610,432	22,246,551

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (g) The freehold and leasehold land and buildings of the Group were revalued on 31st July 2013 by the directors based on valuation performed by independent firms of professional valuers using the open market value on existing use basis. The last revaluation was performed on 31st July 2008.
- (h) Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net carrying value of the land and buildings that would have been included in the financial statements of the Group is as follows :-

	Group		
	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
- Freehold land	4,287,782	4,287,782	4,287,782
- Long-term leasehold land	2,352,492	2,463,499	2,574,506
- Buildings	9,030,989	9,751,285	10,471,581

5. INVESTMENT IN SUBSIDIARIES

	Company		
	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Unquoted shares - at cost			
At 1st August	161,094,281	156,773,424	156,773,424
Addition during the financial year*	-	4,322,413	-
	161,094,281	161,095,837	156,773,424
Less:			
Disposal during the financial year*	-	(1,556)	-
Allowance for impairment	(173,039)	-	-
At 31st July	160,921,242	161,094,281	156,773,424

- * Both addition and disposal of investments in subsidiaries are shares acquired from/disposed to subsidiaries within the Group. As such, no new subsidiary has been acquired or incorporated and the Company's holdings on the affective equity interest of the subsidiaries are still intact.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:-

Name of Company	Effective Equity Interest			Principal Activity
	31.7.2013 %	31.7.2012 %	1.8.2011 %	
Poh Kong Jewellers Sdn. Bhd. ("PKJ")	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments
Poh Kong Jewellery Manufacturer Sdn. Bhd.	100	100	100	Manufacturer and dealers of jewellerys, precious stones and gold ornaments
Poh Kong Jewellers (Franchise) Sdn. Bhd.	100	100	100	Franchise management services
Poh Kong Properties Sdn. Bhd.	100	100	100	Property investment
Poh Kong Wholesale Sdn. Bhd.	100	100	100	Investment holding, suppliers and retailers of packing and utility products, wholesaler of jewellerys, precious stones and gold ornaments
PK Jewellery Export Sdn. Bhd.	100	100	100	Exporter of jewellerys, precious stones and gold ornaments
Poh Kong International Sdn. Bhd.	100	100	100	Overseas investment holding
Jungmax Property Sdn. Bhd.	100	100	100	Property investment
Poh Kong Jewellers (Ampang Point) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:- (cont'd)

Name of Company	Effective Equity Interest			Principal Activity
	31.7.2013	31.7.2012	1.8.2011	
	%	%	%	
Poh Kong Jewellers (Jaya) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013
Poh Kong Jewellers (Klang) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013
Poh Kong Jewellers (Kuantan) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013
Poh Kong Jewellers (Maluri) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013
Poh Kong Jewellers (MV) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:- (cont'd)

Name of Company	Effective Equity Interest			Principal Activity
	31.7.2013	31.7.2012	1.8.2011	
	%	%	%	
Poh Kong Jewellers (Permas Jaya) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013
Poh Kong Jewellers (Shah Alam) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013
Poh Kong Jewellers (SS2) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013
Poh Kong Jewellers (Subang Parade) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013
Poh Kong Jewellers (The Mall) Sdn. Bhd.^	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 1st May 2013

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:- (cont'd)

Name of Company	Effective Equity Interest			Principal Activity
	31.7.2013 %	31.7.2012 %	1.8.2011 %	
Poh Kong Jewellers (Bangsar) Sdn. Bhd. @	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (Banting) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (Ipoh) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (Jln Taman Malacca) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (Kajang) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:- (cont'd)

Name of Company	Effective Equity Interest			Principal Activity
	31.7.2013	31.7.2012	1.8.2011	
	%	%	%	
Poh Kong Jewellers (Kinta City) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (Malacca) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (Old Klang Road) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (Seremban) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (The Mines) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:- (cont'd)

Name of Company	Effective Equity Interest			Principal Activity
	31.7.2013 %	31.7.2012 %	1.8.2011 %	
Poh Kong Jewellers (Tmn Universiti, J.B.) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (Wangsamaju) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st May 2012
Poh Kong Jewellers (Gold Seremban) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st December 2011
Poh Kong Jewellers (Selayang) Sdn. Bhd.@	100	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments. The Company ceased operation on 31st December 2011
In Vogue Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Kedai Emas Likwong Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Pajak Gadai Anda Sdn. Bhd.*	100	100	100	Under member voluntary winding up

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:- (cont'd)

Name of Company	Effective Equity Interest			Principal Activity
	31.7.2013	31.7.2012	1.8.2011	
	%	%	%	
PK Design Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Poh Kong Jewellers (Bandar Utama) Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Poh Kong Jewellers (Batu Pahat) Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Poh Kong Jewellers (M) Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Poh Kong Jewellers (Meru) Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Poh Kong Jewellers (Muar) Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Poh Kong Jewellers (Peringgit) Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Poh Kong Jewellers (PHT) Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Poh Kong Jewellers (Puchong) Sdn. Bhd.*	100	100	100	Under member voluntary winding up
Poh Kong Jewellers (Summit) Sdn. Bhd.*	100	100	100	Under member voluntary winding up

All the companies in the Group are incorporated in Malaysia.

As a result of the restructuring exercise on internal reorganisation undertaken by the Group and Company:-

@ the operations of these subsidiaries were transferred to PKJ on 31st December 2011 or 31st May 2012 respectively.

^ the operations of these subsidiaries were transferred to PKJ on 1st May 2013 respectively.

* these subsidiaries, being the dormant companies, were to wind up accordingly.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT PROPERTY

	Group	
	31.7.2013	31.7.2012
	RM	RM
<i>At cost</i>		
At 1st August / 31st July	240,000	240,000

As at 31st July 2013, the fair value of the investment property is RM565,000/- (31.7.2012: RM240,000/-; 1.8.2011: RM240,000/-). The fair value of the investment property has been arrived at on the basis of a valuation carried out by an independent professional valuer by reference to the open market value basis.

7. OTHER INVESTMENTS

	31.7.2013	Group	
		31.7.2012	1.8.2011
	RM	RM	RM
<i>At cost</i>			
Unquoted shares in Malaysia	299,999	299,999	299,999
Transferable club memberships	233,000	233,000	233,000
	532,999	532,999	532,999
Less: Accumulated impairment losses			
At 1st August	5,000	5,000	-
Addition	-	-	5,000
At 31st July	5,000	5,000	5,000
	527,999	527,999	527,999

Investments in unquoted shares of the Group which were designated as available-for-sale financial assets are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

8. GOODWILL ON CONSOLIDATION

	31.7.2013	Group	
		31.7.2012	1.8.2011
	RM	RM	RM
At 1st August /31st July	1,485,140	1,485,140	1,485,140

(a) The carrying amount of goodwill allocated to the cash-generating unit ("CGU") is as follows:-

	31.7.2013	Group	
		31.7.2012	1.8.2011
	RM	RM	RM
Trading	1,485,140	1,485,140	1,485,140

NOTES TO THE FINANCIAL STATEMENTS

8. GOODWILL ON CONSOLIDATION (cont'd)

- (b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating unit is determined using the value-in-use approach and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years.

The key assumptions used in the determination of the recoverable amounts are as follows:-

- (i) Discount rate

The discount rates used are determined based on the weighted average cost of capital applicable to the Group.

- (ii) Growth rate

The average growth rate used of 6.80% (31.7.2012: 6.80%; 1.8.2011: 6.80%) is consistent with the long-term average growth rate of the Group.

The values assigned to the above key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal source of information.

- (c) With regard to the assessment of value-in-use of the trading unit, the Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

9. DEFERRED TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1st August	(6,022,046)	(6,391,444)	1,214,715	678,715
Recognised in profit or loss (Note 24)	5,310,492	369,398	1,110,564	536,000
Recognised in equity	(3,671,538)	-	-	-
At 31st July	(4,383,092)	(6,022,046)	2,325,279	1,214,715
Presented after appropriate offsetting:-				
Deferred tax assets	6,334,409	1,214,715	2,599,752	1,523,102
Deferred tax liabilities	(10,717,501)	(7,236,761)	(274,473)	(308,387)
	(4,383,092)	(6,022,046)	2,325,279	1,214,715

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAXATION (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:-

(a) Deferred tax assets

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1st August	1,214,715	678,715	2,196,655	678,715
Recognised in profit or loss	5,119,694	536,000	128,624	536,000
At 31st July	6,334,409	1,214,715	2,325,279	1,214,715

The estimated deferred tax assets of the Group and the Company arising from temporary differences recognised in the financial statements are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unrealised profits arising from inter-company transaction	4,009,130	-	-	-
Unutilised tax losses	1,860,986	887,980	1,860,986	887,980
Unabsorbed capital allowances	464,293	615,612	738,765	615,612
Excess of capital allowances over depreciation	-	(308,387)	(274,472)	(308,387)
Others	-	19,510	-	19,510
	6,334,409	1,214,715	2,325,279	1,214,715

The recognition of the deferred tax assets of the Group and the Company are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition is the Management's budget, which shows that it is probable the deferred tax assets would be realised in future years.

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2013 RM	2012 RM
Unutilised tax losses	178,500	178,500
Unabsorbed capital allowances	57,100	57,100
	235,600	235,600

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available for certain subsidiaries in the Group against which these items can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAXATION (cont'd)

(b) Deferred tax liabilities

	Group	
	2013 RM	2012 RM
At 1st August	7,236,761	7,070,159
Recognised in profit or loss	(190,798)	166,602
Recognised in equity	3,671,538	-
At 31st July	10,717,501	7,236,761

The estimated deferred tax liabilities of the Group arising from temporary differences recognised in the financial statements are as follows:-

	Group	
	2013 RM	2012 RM
Differences between the carrying amount of property, plant and equipment and their tax base	4,805,133	5,050,730
Revaluation surplus	5,912,368	2,240,830
Other timing differences	-	(54,799)
	10,717,501	7,236,761

10. INVENTORIES

	31.7.2013	Group	
	RM	31.7.2012 RM	1.8.2011 RM
At cost			
Raw material	8,150,798	8,288,108	7,086,865
Work-in-progress	14,667,811	17,979,693	12,453,412
Finished goods			
- Jewelleries, precious stones and gold ornaments	545,362,970	522,225,944	423,465,078
- Packing and utility products	1,265,888	716,440	662,777
	546,628,858	522,942,384	424,127,855
	569,447,467	549,210,185	443,668,132

During the financial year, the cost of inventories recognised as an expense in the Group amounted to RM757,405,746/- (31.7.2012: RM 593,770,216/-).

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Group			
Trade receivables	2,308,325	1,529,215	1,924,635
Less: allowance for impairment	(802,402)	(207,327)	(426,014)
	1,505,923	1,321,888	1,498,621
Other receivables	1,907,892	1,694,283	485,315
Total trade and other receivables	3,413,815	3,016,171	1,983,936
Company			
Trade receivables	8,929,755	5,249,606	10,626,061
Less: allowance for impairment	-	-	-
	8,929,755	5,249,606	10,626,061
Other receivables	-	-	-
Total trade and other receivables	8,929,755	5,249,606	10,626,061

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's and the Company's normal trade credit terms range from 30 to 85 days (31.7.2012: 30 to 85 days; 1.8.2011: 30 to 85 days). Other credit terms are assessed and approved on a case-by-case basis.

The trade receivables of the Company represent amounts due by subsidiaries.

Included in trade receivables of the Company is amount due by subsidiaries of RM8,929,755/- (31.7.2012: RM5,249,606/- ; 1.8.2011: RM10,626,061/-).

The foreign currency exposure profile of trade receivables is as follows:-

	31.7.2013 RM	Group 31.7.2012 RM	1.8.2011 RM
New Taiwanese Dollar	-	237,138	78,205

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group and of the Company's trade receivables is as follows:-

	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Group			
Neither past due nor impaired	910,713	927,345	445,873
1 to 30 days past due not impaired	162,534	57,014	293,561
31 to 60 days past due not impaired	387,209	78,676	43,020
61 to 90 days past due not impaired	16,594	29,955	105,625
91 to 120 days past due not impaired	11,792	25,399	214,530
More than 121 days	17,081	203,499	396,012
	595,210	394,543	1,052,748
Impaired	802,402	207,327	426,014
	2,308,325	1,529,215	1,924,635
Company			
Neither past due nor impaired	5,148,309	920,490	1,303,018
1 to 30 days past due not impaired	8,351	12,145	900
31 to 60 days past due not impaired	2,070	15,156	15,685
61 to 90 days past due not impaired	956,726	16,586	17,628
91 to 120 days past due not impaired	14,125	22,303	10,961
More than 121 days	2,800,174	4,262,926	9,277,869
	3,781,446	4,329,116	9,323,043
Impaired	-	-	-
	8,929,755	5,249,606	10,626,061

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM595,210/- (31.7.2012: RM394,543/-; 1.8.2011: RM1,052,748/-) and RM3,781,446/- (31.7.2012: RM4,329,116/-; 1.8.2011: RM9,323,043/-) respectively that are past due at reporting date but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or credit enhancements over these balances.

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:-

	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Individually impaired			
Trade receivables, nominal value	802,402	207,327	426,014
Less: Allowance for impairment	(802,402)	(207,327)	(426,014)
	-	-	-

The movement in the Group's allowance accounts are as follows:-

	Group	
	2013 RM	2012 RM
At 1st August	207,327	426,014
Allowance during the year	595,075	(218,867)
At 31st July	802,402	207,327

Trade receivables that are individually impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

(b) Other receivables

- (i) The Group's and the Company's amounts owing by other receivables are unsecured, interest free and are repayable on demand.
- (ii) Include in other receivables of the Group are amounts of RM638,801/- (31.7.2012: RM669,004/-; 1.8.2011: RM325,396/-) due by fellow subsidiaries under the common control of the ultimate holding company. The amounts due are unsecured, interest free and repayable on demand by cash.

NOTES TO THE FINANCIAL STATEMENTS

12. DEPOSITS AND PREPAYMENTS

	31.7.2013 RM	Group 31.7.2012 RM	1.8.2011 RM
Group			
Deposits	8,600,547	7,782,854	8,353,171
Prepayments	2,996,441	4,124,567	993,194
	11,596,988	11,907,421	9,346,365
Company			
Deposits	14,636	27,636	40,269
Prepayments	1,295,694	2,608,968	195,604
	1,310,330	2,636,604	235,873

- (i) Included in prepayments of the Group and of the Company are amounts of RM70,000/- (31.7.2012: RM1,149,377/-; 1.8.2011: Nil) being guarantee fee paid in advance to Danajamin Nasional Berhad ("Danajamin") for its involvement as the guarantor on the Islamic Commercial Papers and Islamic Medium Term Loans programme ("ICP/IMTN") undertaken by the Company and RM791,070/- (31.7.2012: RM1,227,279/-; 1.8.2011: Nil) being prepaid interest expense for the utilisation of ICP/IMTN programme in Note 17.2.
- (ii) Deposits are mainly in relation to amount paid for tenancy agreement and utilities.

13. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposit of the Group and of the Company earns weighted average effective interest rate of 2.35% (31.7.2012: 2.35%; 1.8.2011: 2.63%) per annum.

Included in deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM30,000/- (31.7.2012: 3,910,720/-; 1.8.2011: RM5,091,363/-) and RM30,000/- (31.7.2012: RM30,000/-; 1.8.2011: Nil) respectively, which have been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 17 to the financial statements.

14. AMOUNTS DUE BY/(TO) SUBSIDIARIES

The amount due by/(to) subsidiaries are unsecured, repayable on demand by cash and bears effective interest at rates ranges from 6.00% to 6.91% (31.7.2012: 6.00% to 6.91%; 1.8.2011: 6.00% to 6.91%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

15. SHARE CAPITAL

	Group and Company			
		2013		2012
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.50 each				
Authorised:				
At the beginning/ end of the financial year	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and fully paid:				
At the beginning/ end of the financial year	410,351,752	205,175,876	410,351,752	205,175,876

16. RESERVES

	31.7.2013	31.7.2012	1.8.2011
	RM	RM	RM
Group			
Revaluation reserve	27,105,074	4,220,866	4,220,866
Retained profits	210,234,657	182,420,811	136,600,111
	237,339,731	186,641,677	140,820,977
Company			
Retained profits	23,765,209	25,986,846	21,322,340
	23,765,209	25,986,846	21,322,340

(a) Revaluation reserve

The revaluation reserve of the Group relates to the revaluation of freehold and leasehold land as well as buildings of the Group in years 2003, 2008 and 2013.

During the financial year, the Group revalued its freehold land, leasehold land and buildings and resulting in a net revaluation surplus of RM22,884,208/-.

(b) Retained profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28th December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system").

NOTES TO THE FINANCIAL STATEMENTS

16. RESERVES (cont'd)

(b) Retained profits (cont'd)

However, there is a transitional period of six years, expiring on 31st December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstance. Companies also have an irrevocable option to disregard the tax credit under Section 108 of the Tax Act 1967 and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 tax credit to be locked-in as at 31st December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option under the Finance Act 2007 to disregard the Section 108 balance as at 31st December 2007. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 31st July 2013 under the single tier system.

17. BANK BORROWINGS

	Note	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Group				
<u>Long-term borrowing</u>				
Secured				
Term loans	17.1	6,626,299	7,581,264	21,308,210
ICP/IMTN	17.2	130,000,000	120,000,000	-
Unsecured				
Hire purchase payables	17.3	3,755,651	3,192,980	3,078,448
Finance lease payables	17.4	98,453	1,057,370	587,673
		140,480,403	131,831,614	24,974,331
<u>Short-term borrowings</u>				
Secured				
Bank overdrafts	17.5	973,372	3,456,139	15,768,809
Bankers acceptance	17.6	104,300,000	52,160,000	41,790,000
Revolving credit	17.6	3,000,000	3,000,000	3,000,000
Short-term loan	17.6	6,731,160	8,442,311	8,506,521
Term loans	17.1	939,764	619,417	2,422,818
Unsecured				
Hire purchase payables	17.3	1,392,004	1,594,008	1,409,767
Finance lease payables	17.4	1,311,960	2,832,633	2,624,702
Commercial papers	17.7	-	-	20,000,000
Medium term notes	17.7	-	-	30,000,000
		118,648,260	72,104,508	125,522,617
Total bank borrowings		259,128,663	203,936,122	150,496,948

NOTES TO THE FINANCIAL STATEMENTS

17. BANK BORROWINGS (cont'd)

	Note	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Company				
<u>Long-term borrowing</u>				
Secured				
Term loans	17.1	-	-	13,001,272
ICP/IMTN	17.2	130,000,000	120,000,000	-
Unsecured				
Hire purchase payables	17.3	240,002	163,496	139,386
Finance lease payables	17.4	-	-	23,625
		130,240,002	120,163,496	13,164,283
<u>Short-term borrowings</u>				
Secured				
Term loans	17.1	-	-	1,760,617
Unsecured				
Hire purchase payables	17.3	90,788	69,064	66,652
Finance lease payables	17.4	-	23,625	192,375
Commercial papers	17.7	-	-	20,000,000
Medium term notes	17.7	-	-	30,000,000
		90,788	92,689	52,019,644
Total bank borrowings		130,330,790	120,256,185	65,183,927

17.1 Term loans

	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Group			
Current			
- not later than one year	939,764	619,417	2,422,818
Non-current			
- later than one year but not later than two years	663,538	639,444	2,560,193
- later than two years but not later than five years	2,135,962	2,047,534	8,903,422
- more than five years	3,826,799	4,894,286	9,844,595
	6,626,299	7,581,264	21,308,210
	7,566,063	8,200,681	23,731,028

NOTES TO THE FINANCIAL STATEMENTS

17. BANK BORROWINGS (cont'd)

17.1 Term loans (cont'd)

	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Company			
Current			
- not later than one year	-	-	1,760,617
Non-current			
- later than one year but not later than two years	-	-	1,901,330
- later than two years but not later than five years	-	-	6,692,230
- more than five years	-	-	4,407,712
	-	-	13,001,272
	-	-	14,761,889

The term loans of the Group and of the Company are secured by way of:-

- (a) A legal charge over properties of certain subsidiaries as mentioned in Note 4; and
- (b) Corporate guarantees and indemnity from the Company.

Term loan facilities of the Group and of the Company are denominated in RM, incur weighted average effective interest at rates of 4.60% (31.7.2012: 5.13% and 1.8.2011: 6.66%) and Nil (31.7.2012: Nil; 1.8.2011: 7.85%) per annum respectively.

17.2 ICP/IMTN

	Group and Company		
	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Current			
- not later than one year	-	-	-
Non-current			
- later than one year but not later than two years	-	-	-
- later than two years but not later than five years	80,000,000	70,000,000	-
- more than five years	50,000,000	50,000,000	-
	130,000,000	120,000,000	-
	130,000,000	120,000,000	-

NOTES TO THE FINANCIAL STATEMENTS

17. BANK BORROWINGS (cont'd)

17.2 ICP/IMTN (cont'd)

The ICP/IMTN programme is a facility denominated in RM of up to RM150 million granted to the Group and to the Company and is based on Islamic financing principles in accordance with Syariah concept and principle of Al-Kafalah.

The proceeds of the ICP/IMTN programme shall be utilised for the following purpose:-

- (a) To finance group wide restructuring programme; and
- (b) To finance capital expenditure.

The ICP/IMTN bear interest at rates ranging from 3.85% to 4.20% (31.7.2012: 3.85% to 4.20%; 1.8.2011: Nil) per annum, with Danajamin to act as guarantor to guarantee the repayment obligations and is secured by way of third party first fixed legal charge over the following properties of the Group :-

- (i) a four storey leasehold shop office (expiring in 2059) located at No.16, Jalan 52/4, 46200 Petaling Jaya,
- (ii) a four storey leasehold shop office (expiring in 2060) located at No.18, Jalan 52/4, 46200 Petaling Jaya,
- (iii) freehold commercial shophot located at G-19, Subang Parade, Selangor,
- (iv) leasehold commercial shophot (expiring in 2090) located at G-14, Mahkota Parade, Melaka,
- (v) leasehold commercial shophot (expiring in 2090) located at G-29, Mahkota Parade, Melaka,
- (vi) leasehold commercial shophot (expiring in 2095) located at GF-119, Queensbay Shopping Mall, Penang,
- (vii) leasehold commercial shophot (expiring in 2095) located at GF-120, Queensbay Shopping Mall, Penang,
- (viii) freehold commercial shophot located at G-13, Summit Parade, Batu Pahat, Johor;
- (ix) unconditional and irrevocable corporate guarantee of PKJ for the entire amount of the facility and any guarantee fee, profit accruing and other payment obligations thereon;
- (x) a legal assignment/charge over present and future rights, title, benefits and interest in and to the designated accounts and all monies from to time standing to the credit of the designated accounts; and
- (xi) any other security/support as may be deemed applicable by Danajamin.

The ICP/IMTNs programme contained financial covenants which required the Group to maintain its debt to tangible net worth and finance service cover ratios.

NOTES TO THE FINANCIAL STATEMENTS

17. BANK BORROWINGS (cont'd)

17.3 Hire purchase payables

	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Group			
Minimum hire purchase payments:-			
- not later than one year	1,658,757	1,810,710	1,585,703
- later than one year but not later than five years	3,996,921	3,634,737	3,518,093
	5,655,678	5,445,447	5,103,796
Less: Future finance charges	(508,023)	(658,459)	(615,581)
Present value of hire purchase payables	5,147,655	4,786,988	4,488,215
Represented by:-			
Current			
- not later than one year	1,392,004	1,594,008	1,409,767
Non-current			
- later than one year but not later than five years	3,755,651	3,192,980	3,078,448
	5,147,655	4,786,988	4,488,215
Company			
Minimum hire purchase payments:-			
- not later than one year	119,773	80,292	76,451
- later than one year but not later than five years	245,513	189,845	163,302
	365,286	270,137	239,753
Less: Future finance charges	(34,496)	(37,577)	(33,715)
Present value of hire purchase payables	330,790	232,560	206,038
Represented by:-			
Current			
- not later than one year	90,788	69,064	66,652
Non-current			
- later than one year but not later than five years	240,002	163,496	139,386
	330,790	232,560	206,038

The Group's and the Company's hire purchase payables bear effective interest rates at 3.07% (31.7.2012: 3.07%; 1.8.2011: 2.86%) and 2.86% to 3.85% (31.7.2012: 2.86% to 3.85%; 1.8.2011: 2.84% to 3.85%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

17. BANK BORROWINGS (cont'd)

17.4 Finance lease payables

	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Group			
Minimum lease payments:-			
- not later than one year	1,362,624	3,036,206	2,851,807
- later than one year but not later than five years	100,327	1,131,430	638,220
	1,462,951	4,167,636	3,490,027
Less: Future finance charges	(52,538)	(277,633)	(277,652)
Present value of lease payments	1,410,413	3,890,003	3,212,375
Represented by:-			
Current			
- not later than one year	1,311,960	2,832,633	2,624,702
Non-current			
- later than one year but not later than five years	98,453	1,057,370	587,673
	1,410,413	3,890,003	3,212,375
Company			
Minimum lease payments:-			
- not later than one year	-	25,658	208,928
- later than one year but not later than five years	-	-	25,658
	-	25,658	234,586
Less: Future finance charges	-	(2,033)	(18,586)
Present value of lease payments	-	23,625	216,000
Represented by:-			
Current			
- not later than one year	-	23,625	192,375
Non-current			
- later than one year but not later than five years	-	-	23,625
	-	23,625	216,000

The Group's and the Company's finance lease facilities bear effective interest rates at 3.50% (31.7.2012: 4.16%; 1.8.2011: 4.50%) and 3.50% to 4.50% (31.7.2012: 3.50% to 4.50%; 1.8.2011: 3.05% to 4.50%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

17. BANK BORROWINGS (cont'd)

17.5 Bank overdrafts

The bank overdrafts of the Group are denominated in RM and incurs weighted average effective interest at 8.10% (31.7.2012: 8.46%; 1.8.2011: 8.04%) per annum. The securities for bank overdrafts are as disclosed in Note 17.6.

17.6 Bankers' acceptance, revolving credit and short-term loan

The bank overdrafts, bankers' acceptance, revolving credit and short-term loan facilities of the Group are denominated in RM and are secured by a combination of the following :-

- (a) corporate guarantees and indemnity from the Company;
- (b) a legal charge over properties of certain subsidiaries as mentioned in Note 4;
- (c) a negative pledge on certain subsidiaries' assets; and
- (d) fixed deposits place with licensed banks of the Group as mentioned in Note 13.

The Group's weighted average effective interest rates at the reporting period for bankers' acceptance, revolving credit and short-term loan were as follows :-

	Group and Company		
	31.7.2013	31.7.2012	1.8.2011
	%	%	%
Bankers' acceptance	4.17 - 4.27	4.57	4.63
Revolving credit	6.45	6.45	6.45
Short-term loan	3.22	3.22	5.5

17.7 Murabahah commercial papers ("CP")/Medium term notes ("MTN")

The Murabahah CPs/MTNs programme of up to RM200 million is hereafter referred to as "RM200 million Islamic CPs/MTNs programme."

	Group and Company		
	31.7.2013	31.7.2012	1.8.2011
	RM	RM	RM
Commercial papers	-	-	20,000,000
Medium term notes	-	-	30,000,000
Short-term loan	-	-	50,000,000
Represented by:-			
Current			
- not later than one year			
Commercial papers	-	-	20,000,000
Medium term notes	-	-	30,000,000
	-	-	50,000,000

NOTES TO THE FINANCIAL STATEMENTS

17. BANK BORROWINGS (cont'd)

17.7 Murabahah commercial papers ("CP")/Medium term notes ("MTN") (cont'd)

The RM200 million Islamic CPs/MTNs programme was based on Islamic financing principles in accordance with Syariah concept and principle of Murabahah.

The proceeds of the RM200 million Islamic CPs/MTNs programme were utilised for the following purposes:-

- (a) finance the expenses relating to the RM200 million Islamic CPs/MTNs programme;
- (b) repay the shareholders and/or directors' advances made prior to the issuance of the CPs/MTNs to the Company and/or its subsidiaries ("the Group") not exceeding RM17.8 million;
- (c) refinance the credit facilities of the Group; and
- (d) finance present and future investments, working capital and capital expenditure requirements of the Group.

Upon the redemption/repayment of any CPs/MTNs during the tenure of the RM200 million Islamic CPs/MTNs programme, the Company was allowed to utilise the unutilised portion to meet items (c) and (d) above.

The CPs and MTNs bore weighted average effective interest rates of 5.95% and 7.45% per annum respectively.

The CPs and MTNs programme contained covenants which required the Group to maintain its debt to equity ratio.

During the last financial year, the Group and the Company had fully settled the RM200 million Islamic CPs/MTNs programme and the programme was subsequently cancelled.

18. TRADE AND OTHER PAYABLES / DEPOSITS AND ACCRUALS

	31.7.2013 RM	31.7.2012 RM	1.8.2011 RM
Group			
Trade payables	13,328,954	33,032,216	28,674,879
Other payables	16,536,306	11,357,545	9,509,142
	29,865,260	44,389,761	38,184,021
Deposits	17,500	7,500	7,500
Accruals	9,132,200	11,185,282	9,406,492
Customers' deposits	7,675,624	5,503,039	3,376,503
	16,825,324	16,695,821	12,790,495
Company			
Other payables	6,320,441	5,347,701	12,244,248
Accruals	1,378,249	5,123,426	4,108,468
	7,698,690	10,471,127	16,352,716

NOTES TO THE FINANCIAL STATEMENTS

18. TRADE AND OTHER PAYABLES / DEPOSITS AND ACCRUALS (cont'd)

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 1 to 180 days (31.7.2012: 7 to 180 days; 1.8.2011: 7 to 180 days).

The foreign currency profile of trade payables is as follows:-

	31.7.2013	Group 31.7.2012	1.8.2011
	RM	RM	RM
Taiwanese New Dollar	-	217,726	-
US Dollar	1,272,986	402,461	-
Hong Kong Dollar	371,294	455,057	-
Euro	1,063,236	950,192	-
Ringgit Malaysia	10,621,438	31,006,780	28,674,879
	13,328,954	33,032,216	28,674,879

(b) Other payables

The Group's and the Company's amounts owing to other payables are unsecured, interest free and are repayable on demand.

Included in other payables of the Group are amounts of RM535,203/- (31.7.2012: RM1,814,564/-; 1.8.2011: RM1,850,864/-) due to the directors of the subsidiaries.

19. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The ultimate holding company, Poh Kong Sdn. Bhd. is incorporated and domiciled in Malaysia.

The amount due to ultimate holding company is non-trade in nature, unsecured, bears effective interest rate of 6.60% (31.7.2012: 6.60%; 1.8.2011: 6.60%) per annum and is repayable on demand. The amount is to be settled in cash.

20. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest free and repayable on demand by cash.

NOTES TO THE FINANCIAL STATEMENTS

21. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Sale of goods	975,778,675	830,078,613	-	-
Advertising and promotion recovery	-	-	10,426,879	8,142,139
Dividend income	-	-	12,812,602	25,784,848
Interest income	5,785	39,643	7,251,823	5,816,964
Management fee	-	-	5,290,795	4,271,569
	975,784,460	830,118,256	35,782,099	44,015,520

22. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
After charging:-				
Allowance for doubtful debts	595,075	-	-	-
Auditors' remuneration	280,000	308,935	15,000	15,000
Bad debts written off	-	18,650	-	-
Deposits written off	-	56,750	-	-
Depreciation of property, plant and equipment	10,050,422	9,613,913	607,852	527,292
Employee benefits expenses (Note 27)	80,315,228	82,658,274	9,951,946	10,042,848
Impairment loss on investment in subsidiary companies	-	-	173,039	-
Inventories loss	260,629	381,659	-	-
Lease rental	624,018	258,460	624,018	258,460
Loss on disposal of property, plant and equipment	29,768	1,560	3,833	-
Loss on disposal of investment in subsidiary companies	-	-	-	1,554
Property, plant and equipment written off	641,483	793,493	-	-
Realised loss on foreign exchange	25,537	40,472	-	-
Shop rental	26,191,559	23,127,760	237,400	192,400
And crediting:-				
Car rental income	-	-	-	600
Dividend income	299,998	449,997	-	-
Equipment rental income	-	-	167,384	99,340
Gain on disposal of property, plant and equipment	269,016	234,403	-	22,820
Insurance claim	-	305,880	-	-
Interest income	299,587	158,112	-	-
Premises rental income	107,500	184,447	-	-
Realised gain on foreign exchange	8,936	-	-	-
Reversal of allowance for doubtful debts	-	218,687	-	-

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expenses on bank borrowings	13,277,520	11,520,140	8,785,409	7,971,037
Hire purchase and finance lease charges	744,120	527,941	14,346	27,362
	14,021,640	12,048,081	8,799,755	7,998,399

24. TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Income tax				
- current year	(12,169,775)	(19,219,846)	(4,060,000)	(2,163,500)
- prior year	253,458	(532,954)	50,003	(442,395)
	(11,916,317)	(19,752,800)	(4,009,997)	(2,605,895)
Deferred tax (Note 9)				
- current year	259,978	(112,787)	128,624	118,948
- prior year	5,050,514	482,185	981,940	417,052
	5,310,492	369,398	1,110,564	536,000
	(6,605,825)	(19,383,402)	(2,899,433)	(2,069,895)

The income tax rate is calculated at the Malaysian statutory tax rate of 25% of the estimated taxable profit for the fiscal year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before taxation	40,574,947	70,949,027	6,833,073	12,479,326
Tax at Malaysian statutory tax rate at 25%	(10,143,737)	(17,737,257)	(1,708,268)	(3,119,832)
Tax effects arising from:				
- non-deductible expenses	(1,474,918)	(1,575,868)	(2,969,657)	(299,640)
- non-taxable income	3,276	2,710	746,549	1,374,920
- deferred tax assets not recognised	(97,165)	(24,675)	-	-
- utilisation of deferred tax assets not previously recognised	-	2,457	-	-
- over/(under) accrual in prior year	5,106,719	(50,769)	1,031,943	(25,343)
Tax expense for the financial year	(6,605,825)	(19,383,402)	(2,899,433)	(2,069,895)

NOTES TO THE FINANCIAL STATEMENTS

25. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2013 RM	2012 RM
Profit after taxation attributable to owners of the Company (RM)	33,969,122	51,565,625
Weighted average number of ordinary shares in issue	410,351,752	410,351,752
Basic earnings per share (sen)	8-28	12-57

The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any potential ordinary shares outstanding at the end of the reporting period.

26. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2013 RM	2012 RM
Final dividend of 1-50 sen (2012 :1-40 sen) single tier dividend	6,155,276	5,744,925

At the forthcoming Annual General Meeting, a single tier first and final dividend of 1-40 sen on 410,351,752 ordinary shares of RM0-50 each amounting to RM5,744,925/- in respect of the current financial year ended 31st July 2013 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31st July 2014.

27. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries, bonus, overtime and allowances	68,110,394	70,131,875	8,396,976	7,855,675
Defined contribution plan-EPF	4,668,676	4,582,513	581,910	520,127
Other staff related expenses	7,536,158	7,943,886	973,060	1,667,046
	80,315,228	82,658,274	9,951,946	10,042,848

NOTES TO THE FINANCIAL STATEMENTS

27. EMPLOYEE BENEFITS EXPENSES (cont'd)

Included in employee benefits expenses are directors' remuneration as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
<u>Executive directors</u>				
- Salaries and other emoluments (including estimated monetary value of benefits-in-kind)	8,198,537	7,808,976	3,115,132	3,103,775
- Fees	111,000	246,000	-	-
	8,309,537	8,054,976	3,115,132	3,103,775
<u>Non-executive directors</u>				
- Fees	144,000	180,000	144,000	180,000
- Non-fees	75,000	77,600	75,000	77,600
	219,000	257,600	219,000	257,600
Total directors' remuneration	8,528,537	8,312,576	3,334,132	3,361,375

28. CAPITAL COMMITMENTS

	Group	
	2013 RM	2012 RM
Capital expenditure in respect of purchase of property, plant and equipment:-		
- Contracted but not provided for	2,652,915	1,817,730

29. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

The Group has entered into several tenancy agreements for the rental of retail space and staff housing, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

NOTES TO THE FINANCIAL STATEMENTS

29. OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as Lessee (cont'd)

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at the reporting date but not recognised as liabilities are as follows :-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Future minimum rental payments :-				
Not later than one year	20,617,091	17,755,093	78,000	75,900
Later then one year and not later than five years	14,214,649	11,174,123	71,500	-
	34,831,740	28,929,216	149,500	75,900

30. CONTINGENT LIABILITIES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Secured				
Guarantees given in support of banking facilities granted to subsidiaries	-	-	161,101,999	161,951,999
Unsecured				
Guarantees given to third parties in respect of leasing and hire purchase facilities granted to:-				
- the Company	8,000,000	8,000,000	-	8,000,000
- subsidiaries	-	-	7,474,928	7,474,928

Contingent liabilities are secured by charges as disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

31. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Ultimate holding company;
- (ii) Subsidiaries;
- (iii) A company in which directors of the Company have substantial financial interest;
- (iv) A corporate shareholder of a subsidiary; and
- (v) Key management personnel, comprise persons (including the directors of the Company) who have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income received and receivable from				
- subsidiaries	-	-	12,812,602	25,784,848
- company connected to a director of the Company	299,998	449,997	-	-
Interest income received and receivable from subsidiaries	-	-	7,246,038	5,777,321
Management fee, advertisement and promotions charges received and receivable from subsidiaries	-	-	15,717,674	12,413,708
Car rental received and receivable from subsidiaries	-	-	-	600
Equipment rental charges received and receivable from subsidiaries	-	-	167,384	99,340
Sale of goods to:-				
- certain directors of the Company	7,795	324	-	-
- director of subsidiaries	249,713	808,139	-	-
Hostel rental paid to:-				
- certain directors of the Company	114,000	114,000	114,000	114,000
- directors of subsidiaries	48,600	48,600	-	-

NOTES TO THE FINANCIAL STATEMENTS

31. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) Significant related party transactions and balances (cont'd)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Disposal of property, plant and equipment to subsidiaries	-	-	-	65,000
Purchased of property, plant and equipment from subsidiaries	-	-	-	16,000
Purchase of goods from a director of subsidiaries	1,419,000	1,881,000	-	-
Legal and professional fees paid to a firm connected to a director of the Company	19,460	2,877	-	-
Interest expenses paid to ultimate holding company	415,854	992,712	415,854	992,712

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the Company and subsidiaries				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	13,697,133	14,268,619	3,115,132	3,158,527
Post employment benefits	806,258	895,148	219,000	202,848
	14,503,391	15,163,767	3,334,132	3,361,375
Other key management personnels				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	9,513,343	9,770,261	2,023,267	1,737,720
Post employment benefits	783,255	810,221	218,670	193,260
	10,296,598	10,580,482	2,241,937	1,930,980

NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENT REPORTING

(a) Business segments

The Group is organised into three major business segments:-

- i) Trading: suppliers and retailers of jewelleries, precious stones and gold ornaments
- ii) Manufacturing: manufacturer and dealers of jewelleries, precious stones and gold ornaments
- iii) Others: investment holding

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
2013					
Revenue					
External sales	975,586,746	190,637	7,077	-	975,784,460
Inter-segment sales	460,291,817	410,443,412	88,789,670	(959,524,899)	-
Total Revenue	1,435,878,563	410,634,049	88,796,747	(959,524,899)	975,784,460
Results					
Segment results	22,042,385	9,497,567	42,563,244	(19,506,609)	54,596,587
Unallocated corporate expenses					-
					54,596,587
Finance cost					(14,021,640)
Tax expense					(6,605,825)
Profit for the year					33,969,122
Assets					
Segment assets	842,218,335	104,784,386	999,670,391	(1,200,375,198)	746,297,914
Unallocated corporate assets					17,048,433
Consolidated total assets					763,346,347
Liabilities					
Segment liabilities	759,214,152	34,982,320	513,610,022	(998,087,877)	309,718,617
Unallocated corporate liabilities					11,112,123
Consolidated total liabilities					320,830,740
Other information					
Capital expenditure					15,134,201
Depreciation of property, plant and equipment					10,050,422
Non-cash expenses other than depreciation and impairment losses					290,396
Non-cash income					269,016

NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENT REPORTING (cont'd)

(a) Business segments (cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
2012					
Revenue					
External sales	828,594,186	92,221	1,431,849	-	830,118,256
Inter-segment sales	444,118,163	367,631,152	50,368,659	(862,117,974)	-
Total Revenue	1,272,712,349	367,723,373	51,800,508	(862,117,974)	830,118,256
Results					
Segment results	89,129,679	19,130,746	25,119,326	(50,382,643)	82,997,108
Unallocated corporate expenses					-
					82,997,108
Finance cost					(12,048,081)
Tax expense					(19,383,402)
Profit for the year					51,565,625
Assets					
Segment assets	836,243,529	102,624,828	430,516,965	(692,534,910)	676,850,412
Unallocated corporate assets					9,048,920
Consolidated total assets					685,899,332
Liabilities					
Segment liabilities	473,998,122	20,380,421	48,582,368	(478,763,577)	64,197,334
Unallocated corporate liabilities					229,884,445
Consolidated total liabilities					294,081,779
Other information					
Capital expenditure					10,262,975
Depreciation of property, plant and equipment					9,613,913
Non-cash expenses other than depreciation and impairment losses					893,742
Non-cash income					218,687

NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENTS REPORTING (cont'd)

(b) Geographical segments

No geographical segment is presented as the Group operates principally in Malaysia.

33. FINANCIAL INSTRUMENTS

(a) Financial Risk Management and Objectives

The Group and the Company seek to manage effectively the various risks namely credit, liquidity, interest rate, foreign currency and price risks, to which the Group and the Company are exposed to in their daily operations.

(i) Credit Risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables and amount due by subsidiaries. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including other investments, fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:-

- (i) The carrying amounts of each class of financial assets recognised in the statements of financial position as disclosed in Note 11, Note 12 and Note 13 to the financial statements; and
- (ii) The nominal amount of guarantees provided by the Group and the Company to banks on subsidiaries' credit facilities as disclosed in Note 30 to the financial statements.

The Group has significant exposure and major concentration of credit risk of fifty-one percent deriving from three customers relating to trade receivables.

The Company has significant exposure and major concentration of credit risk relating to amount due by subsidiaries.

The Group and the Company manage its debt maturity portfolio, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to its overall debt position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired are disclosed in Note 11 to the financial statements. Fixed deposits and cash and bank balances are placed with reputable licensed financial institutions with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(i) Credit Risk (cont'd)

Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 11 to the financial statements.

Inter-company balances

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries.

As at reporting period, the fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote due to the outstanding borrowings in the subsidiaries are adequately secured by assets as disclosed in Notes 5 and Note 14 respectively. Should the subsidiaries default any loan repayments, the proceed from the realisation of these assets together with the corporate guarantee by the Company will be able to satisfy the outstanding debts.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet its working capital requirements and availability of funding through an adequate amount of credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(ii) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
31.7.2013					
Financial liabilities					
Trade and other payables	29,865,260	29,865,260	29,865,260	-	-
Deposits and accruals	16,825,324	16,825,324	16,825,324	-	-
Amount due to directors	3,599,370	3,599,370	3,599,370	-	-
Amount due to ultimate holding company	300,000	300,000	300,000	-	-
Bank overdraft	973,372	973,372	973,372	-	-
Bankers' acceptance	104,300,000	104,300,000	104,300,000	-	-
Hire purchase payables	5,147,655	5,655,678	1,658,757	3,996,921	-
Finance lease payables	1,410,413	1,462,951	1,362,624	100,327	-
Revolving credit	3,000,000	3,000,000	3,000,000	-	-
Term loans	7,566,063	7,566,063	939,764	2,799,500	3,826,799
Short-term loan	6,731,160	6,731,160	6,731,160	-	-
ICP/IMTN	130,000,000	130,000,000	-	80,000,000	50,000,000
	309,718,617	310,279,178	169,555,631	86,896,748	53,826,799
31.7.2012					
Financial Liabilities					
Trade and other payables	44,389,761	44,389,761	44,389,761	-	-
Deposits and accruals	16,695,821	16,695,821	16,695,821	-	-
Amount due to directors	3,111,752	3,111,752	3,111,752	-	-
Amount due to ultimate holding company	15,000,000	15,000,000	15,000,000	-	-
Bank overdraft	3,456,139	3,456,139	3,456,139	-	-
Bankers' acceptance	52,160,000	52,160,000	52,160,000	-	-
Hire purchase payables	4,786,988	5,445,447	1,810,710	3,634,737	-
Finance lease payables	3,890,003	4,167,636	3,036,206	1,131,430	-
Revolving credit	3,000,000	3,000,000	3,000,000	-	-
Term loans	8,200,681	8,200,681	619,417	2,686,978	4,894,286
Short-term loan	8,442,311	8,442,311	8,442,311	-	-
ICP/IMTN	120,000,000	120,000,000	-	120,000,000	-
	283,133,456	284,069,548	151,722,117	127,453,145	4,894,286

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(ii) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Group	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
1.8.2011					
Financial liabilities					
Trade and other payables	38,184,021	38,184,021	38,184,021	-	-
Deposits and accruals	12,790,495	12,790,495	12,790,495	-	-
Amount due to directors	2,817,474	2,817,474	2,817,474	-	-
Amount due to ultimate holding company	15,000,000	15,000,000	15,000,000	-	-
Bank overdraft	15,768,809	15,768,809	15,768,809	-	-
Bankers' acceptance	41,790,000	41,790,000	41,790,000	-	-
Hire purchase payables	4,488,215	5,103,796	1,585,703	3,518,093	-
Finance lease payables	3,212,375	3,490,027	2,851,807	638,220	-
Revolving credit	3,000,000	3,000,000	3,000,000	-	-
Term loans	23,731,028	23,731,028	2,422,818	11,463,615	9,844,595
Short-term loan	8,506,521	8,506,521	8,506,521	-	-
Commercial papers	20,000,000	20,000,000	20,000,000	-	-
Medium term notes	30,000,000	30,000,000	30,000,000	-	-
	219,288,938	220,182,171	194,717,648	15,619,928	9,844,595
Company					
31.7.2013					
Financial liabilities					
Other payables and accruals	7,698,690	7,698,690	7,698,690	-	-
Amount due to subsidiaries	142,462,320	142,462,320	142,462,320	-	-
Amount due to directors	1,507,531	1,507,531	1,507,531	-	-
Amount due to ultimate holding company	300,000	300,000	300,000	-	-
Hire purchase payables	330,790	330,790	119,733	211,057	-
ICP/IMTN	130,000,000	130,000,000	-	80,000,000	50,000,000
	282,299,331	282,299,331	152,088,274	80,211,057	50,000,000

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(ii) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
31.7.2012					
Financial liabilities					
Other payables and accruals	10,471,127	10,471,127	10,471,127	-	-
Amount due to subsidiaries	48,713,793	48,713,793	48,713,793	-	-
Amount due to directors	1,253,485	1,253,485	1,253,485	-	-
Amount due to ultimate holding company	15,000,000	15,000,000	15,000,000	-	-
Hire purchase payables	232,560	270,137	80,292	189,845	-
Finance lease payables	23,625	25,658	25,658	-	-
ICP/IMTN	120,000,000	120,000,000	-	70,000,000	50,000,000
	195,694,590	195,734,200	75,544,355	70,189,845	50,000,000
1.8.2011					
Financial liabilities					
Other payables and accruals	16,352,716	16,352,716	16,352,716	-	-
Amount due to subsidiaries	6,250,814	6,250,814	6,250,814	-	-
Amount due to directors	1,007,609	1,007,609	1,007,609	-	-
Amount due to ultimate holding company	15,000,000	15,000,000	15,000,000	-	-
Hire purchase payables	206,038	239,753	76,451	163,302	-
Finance lease payables	216,000	234,586	208,928	25,658	-
Term loans	14,761,889	14,761,889	1,760,617	8,593,560	4,407,712
ICP/IMTN	20,000,000	20,000,000	20,000,000	-	-
Bank borrowings	30,000,000	30,000,000	30,000,000	-	-
	103,795,066	103,847,367	90,657,135	8,782,520	4,407,712

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(iii) Interest Rate Risk (cont'd)

Interest rate profile

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows:-

Group	Effective interest rate %	Within 1 year RM	1 - 5 year RM	> 5 years RM	Total RM
31.7.2013					
Financial asset					
Fixed deposits placed with licensed banks	2.35	18,026,052	-	-	18,026,052
Financial Liabilities					
Hire purchase payables	3.07	1,392,004	3,755,651	-	5,147,655
Finance lease payables	3.50	1,311,960	98,453	-	1,410,413
ICP/IMTN	3.85-4.20	-	80,000,000	50,000,000	130,000,000
Term loans	4.60	939,764	2,799,500	3,826,799	7,566,063
Short-term loan	3.22	6,731,160	-	-	6,731,160
Revolving credit	6.45	3,000,000	-	-	3,000,000
Banker acceptance	4.17-4.27	104,300,000	-	-	104,300,000
Bank overdraft	8.10	973,372	-	-	973,372
31.7.2012					
Financial asset					
Fixed deposits placed with licensed banks	2.35	3,912,066	-	-	3,912,066
Financial Liabilities					
Hire purchase payables	3.07	1,594,008	3,192,980	-	4,786,988
Finance lease payables	3.50	2,832,633	1,057,370	-	3,890,003
ICP/IMTN	3.85-4.20	-	70,000,000	50,000,000	120,000,000
Term loans	5.13	619,417	2,686,978	4,894,286	8,200,681
Short-term loan	3.22	8,442,311	-	-	8,442,311
Revolving credit	6.45	3,000,000	-	-	3,000,000
Banker acceptance	4.57	52,160,000	-	-	52,160,000
Bank overdraft	8.46	3,456,139	-	-	3,456,139

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(iii) Interest Rate Risk (cont'd)

Interest rate profile (cont'd)

Group	Effective interest rate %	Within 1 year RM	1 - 5 year RM	> 5 years RM	Total RM
1.8.2011					
Financial asset					
Fixed deposits placed with licensed banks	2.63	5,092,709	-	-	5,092,709
Financial Liabilities					
Hire purchase payables	2.86	1,409,767	3,078,448	-	4,488,215
Finance lease payables	4.50	2,624,702	587,673	-	3,212,375
Term loans	6.66	2,422,818	11,463,615	9,844,595	23,731,028
Short-term loan	5.50	8,506,521	-	-	8,506,521
Revolving credit	6.45	3,000,000	-	-	3,000,000
Banker acceptance	4.63	41,790,000	-	-	41,790,000
Bank overdraft	8.04	15,768,809	-	-	15,768,809
CP/MTN	5.95-7.45	50,000,000	-	-	50,000,000
Company					
31.7.2013					
Financial asset					
Fixed deposits placed with licensed banks	2.35	30,000	-	-	30,000
Financial Liabilities					
Hire purchase payables	2.86-3.85	90,788	240,002	-	330,790
CP/MTN	3.50-4.50	-	80,000,000	50,000,000	130,000,000
31.7.2012					
Financial asset					
Fixed deposits placed with licensed banks	2.35	30,000	-	-	30,000
Financial Liabilities					
Hire purchase payables	2.86-3.85	69,064	163,496	-	232,560
Finance lease payables	3.50-4.50	23,625	-	-	23,625
CP/MTN	3.85-4.20	-	70,000,000	50,000,000	120,000,000
1.8.2011					
Financial Liabilities					
Hire purchase payables	2.84-3.85	66,652	139,386	-	206,038
Finance lease payables	3.50-4.50	192,375	23,625	-	216,000
Term loans	7.85	1,760,617	8,593,560	4,407,712	14,761,889
Short-term loan	5.95-7.45	50,000,000	-	-	50,000,000

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(iii) Interest Rate Risk (cont'd)

The Group and the Company manage its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group and the Company actively review its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31st July 2013, the Group and the Company have not entered in to any hedging instruments arrangement to minimise its exposure to interest rate volatility.

Borrowings at floating rates amounting to RM122,570,595/- of the Group is exposed to cash flow interest rate risk whilst borrowings of the Group and the Company at fixed rate amounting to RM136,558,068/- and RM130,330,790/- are exposed to the fair value interest rate risk.

Sensitivity analysis for interest rate risk

If the interest rate had been 1% higher/lower and all other variables held constant, the Group's profit for the financial year ended 31st July 2013 would decrease/increase by RM1,225,706/- respectively as a result of exposure to floating rate borrowings.

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including United State, Taiwan, Europe and Hong Kong. The Group's investments in foreign operations are not hedged.

(v) Price Fluctuation Risk

The Group is exposed to the fluctuation of gold price arising from purchase of gold from suppliers. There are no hedging transactions entered into for price volatility in gold.

(b) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 2.3 to the financial statements describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(b) Classification of Financial Instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

Group	Loans and receivables RM	Available for sales RM	Financial liabilities at amortised cost RM	Total RM
31.7.2013				
Financial assets				
Trade and other receivables *	3,413,815	-	-	3,413,815
Deposits	8,600,547	-	-	8,600,547
Fixed deposits placed with licensed banks	18,026,052	-	-	18,026,052
Cash and bank balances	22,306,102	-	-	22,306,102
Total carrying amount	52,346,516	-	-	52,346,516
Financial liabilities				
Trade and other payables	-	-	29,865,260	29,865,260
Deposits and accruals	-	-	16,825,324	16,825,324
Bank borrowings	-	-	259,128,663	259,128,663
Amount due to ultimate holding company	-	-	300,000	300,000
Amount due to directors	-	-	3,599,370	3,599,370
Total carrying amount	-	-	309,718,617	309,718,617
31.7.2012				
Financial assets				
Trade and other receivables *	3,016,171	-	-	3,016,171
Deposits	7,782,854	-	-	7,782,854
Fixed deposits placed with licensed banks	3,912,066	-	-	3,912,066
Cash and bank balances	18,273,892	-	-	18,273,892
Total carrying amount	32,984,983	-	-	32,984,983
Financial liabilities				
Trade and other payables	-	-	44,389,761	44,389,761
Deposits and accruals	-	-	16,695,821	16,695,821
Bank borrowings	-	-	203,936,122	203,936,122
Amount due to ultimate holding company	-	-	15,000,000	15,000,000
Amount due to directors	-	-	3,111,752	3,111,752
Total carrying amount	-	-	283,133,456	283,133,456

* exclude prepayment

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(b) Classification of Financial Instruments (cont'd)

Group	Loans and receivables RM	Available for sales RM	Financial liabilities at amortised cost RM	Total RM
1.8.2011				
Financial assets				
Trade and other receivables *	1,983,936	-	-	1,983,936
Deposits	8,353,171	-	-	8,353,171
Fixed deposits placed with licensed banks	5,092,709	-	-	5,092,709
Cash and bank balances	19,155,534	-	-	19,155,534
Total carrying amount	34,585,350	-	-	34,585,350
Financial liabilities				
Trade and other payables	-	-	38,184,021	38,184,021
Deposits and accruals	-	-	12,790,495	12,790,495
Bank borrowings	-	-	150,496,948	150,496,948
Amount due to ultimate holding company	-	-	15,000,000	15,000,000
Amount due to directors	-	-	2,817,474	2,817,474
Total carrying amount	-	-	219,288,938	219,288,938
Company				
31.7.2013				
Financial assets				
Trade and other receivables *	8,929,755	-	-	8,929,755
Deposits	14,636	-	-	14,636
Fixed deposits placed with licensed banks	30,000	-	-	30,000
Amount due by subsidiaries	330,216,472	-	-	330,216,472
Cash and bank balances	1,246,382	-	-	1,246,382
Total carrying amount	340,437,245	-	-	340,437,245
Financial liabilities				
Other payables and accruals	-	-	7,698,690	7,698,690
Bank borrowings	-	-	130,330,790	130,330,790
Amount due to ultimate holding company	-	-	300,000	300,000
Amount due to directors	-	-	1,507,531	1,507,531
Amount due to subsidiaries	-	-	142,462,320	142,462,320
Total carrying amount	-	-	282,299,331	282,299,331

* exclude prepayment

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(b) Classification of Financial Instruments (cont'd)

Company	Loans and receivables RM	Available for sales RM	Financial liabilities at amortised cost RM	Total RM
31.7.2012				
Financial assets				
Trade and other receivables *	5,249,606	-	-	5,249,606
Deposits	27,636	-	-	27,636
Fixed deposits placed with licensed banks	30,000	-	-	30,000
Amount due by subsidiaries	246,434,630	-	-	246,434,630
Cash and bank balances	1,424,160	-	-	1,424,160
Total carrying amount	253,166,032	-	-	253,166,032
Financial liabilities				
Other payables and accruals	-	-	10,471,127	10,471,127
Bank borrowings	-	-	120,256,185	120,256,185
Amount due to ultimate holding company	-	-	15,000,000	15,000,000
Amount due to directors	-	-	1,253,485	1,253,485
Amount due to subsidiaries	-	-	48,713,793	48,713,793
Total carrying amount	-	-	195,694,590	195,694,590
1.8.2011				
Financial assets				
Trade and other receivables *	10,626,061	-	-	10,626,061
Deposits	40,269	-	-	40,269
Amount due by subsidiaries	154,870,429	-	-	154,870,429
Cash and bank balances	823,177	-	-	823,177
Total carrying amount	166,359,936	-	-	166,359,936
Financial liabilities				
Other payables and accruals	-	-	16,352,716	16,352,716
Bank borrowings	-	-	65,183,927	65,183,927
Amount due to ultimate holding company	-	-	15,000,000	15,000,000
Amount due to directors	-	-	1,007,609	1,007,609
Amount due to subsidiaries	-	-	6,250,814	6,250,814
Total carrying amount	-	-	103,795,066	103,795,066

* exclude prepayment

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values of Financial Instruments

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The fair value hierarchy has the following levels:-

- (a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (c) Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Other financial assets and liabilities

The carrying amounts of the financial assets and liabilities reported in the financial statements approximated their fair values except for the following:-

	2013		2012	
	Carrying value RM	Fair value RM	Carrying value RM	Fair value RM
Financial assets				
Group				
Other investments - unquoted shares	527,999	*	527,999	*

* The fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

The following summarises the methods used to determine the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amounts of the term loans approximated their fair values as they are floating rate instruments which are re-priced to market interest rates.
- (iii) The carrying amount of the ICP/IMTN approximated its fair values as its rates approximate its current prevailing market rates.

NOTES TO THE FINANCIAL STATEMENTS

34. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group's and the Company's strategy in capital management remains unchanged for 31st July 2012 and 1st August 2011.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company and its subsidiaries may adjust the dividend payment to the shareholders, return capital to shareholders or issue new shares.

The Group and the Company is required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise hire purchase payables, finance lease payables, bank overdrafts, other borrowings and term loans less cash and bank balances whilst total capital is the shareholders' funds of the Group and of the Company.

The gearing ratio for the Group and for the Company respectively as at 31st July 2013, 31st July 2012 and 1st August 2011 are as follows:-

	31.7.2013	31.7.2012	1.8.2011
	RM	RM	RM
Group			
Total net debts	218,796,509	181,750,164	126,248,705
Total capital plus net debts	661,312,116	573,567,717	477,338,267
Gearing ratio	0.33	0.32	0.28
Company			
Total net debts	129,054,408	118,802,025	64,360,750
Total capital plus net debts	357,995,494	349,964,747	290,858,966
Gearing ratio	0.36	0.34	0.22

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 9th December 2011, the Group and the Company had embarked on a group wide internal reorganisation exercise which involved the consolidation of the Group's existing business activities into six main activities or specific functions namely:-

- (i) retail;
- (ii) wholesale and distribution;
- (iii) manufacturing;
- (iv) property investment;
- (v) franchise; and
- (vi) overseas investment

NOTES TO THE FINANCIAL STATEMENTS

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

The internal reorganisation will ultimately result in winding up of the non-key/dormant subsidiaries, and the acquisition of all the retail business which are currently held under 36 subsidiary companies by PKJ which will be the sole entity managing all the retail outlets.

On 1st May 2013, the Group had embarked on a third batch group wide internal reorganisation exercise, which relates to the consolidation of business by PKJ of 11 subsidiary companies from retail business.

36. COMPARATIVE FIGURES

- (a) Certain comparative figures have been reclassified in order to conform with the presentation in the current financial year presentation.

Accordingly, the financial statements for the financial year ended 31st July 2012 and 31st July 2011 have been restated to reflect these reclassification. The effects of these adjustments are as follows.

Company	As previously		As restated
	stated	Reclassification	
	RM	RM	RM
Statement of Financial Position			
31.7.2012			
Current assets			
Trade receivables	4,448,544	801,062	5,249,606
Other receivables, deposits and prepayments	2,648,440	(11,836)	2,636,604
Amount due by subsidiaries	196,074,272	50,360,358	246,434,630
Dividend receivable	20,707,000	(20,707,000)	-
Current liabilities			
Other payables and accruals	11,333,948	(862,821)	10,471,127
Amount due to subsidiaries	17,408,388	31,305,405	48,713,793
1.8.2011			
Current assets			
Trade receivables	4,608,384	6,017,677	10,626,061
Other receivables, deposits and prepayments	247,612	(11,739)	235,873
Amount due by subsidiaries	139,597,152	15,273,277	154,870,429
Dividend receivable	15,938,000	(15,938,000)	-
Current liabilities			
Other payables and accruals	6,681,772	9,670,944	16,352,716
Amount due to subsidiaries	10,580,543	(4,329,729)	6,250,814

- (b) The comparative figures of the Group and of the Company for the financial year ended 31st July 2012 have been audited by another firm of chartered accountants other than Messrs Baker Tilly Monteiro Heng.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25th March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20th December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31st July 2013 are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained profits of the Company and its subsidiaries				
- realised	357,110,857	343,495,601	21,439,931	24,772,131
- unrealised	1,529,276	(3,781,216)	2,325,279	1,214,715
	358,640,133	339,714,385	23,765,210	25,986,846
Less: Consolidation adjustments	(148,405,476)	(157,293,574)	-	-
Total retained profits	210,234,657	182,420,811	23,765,210	25,986,846

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY DIRECTORS

We, DATO' CHOON YEE SEIONG and CHEONG TECK CHONG, being two of the directors of Poh Kong Holdings Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 65 to 150 have been properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st July 2013 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 151 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

DATO' CHOON YEE SEIONG
Managing Director

CHEONG TECK CHONG
Director

Petaling Jaya

Date: 26th November 2013

STATUTORY DECLARATION

I, KOH SZE HAW, being the officer primarily responsible for the financial management of Poh Kong Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 65 to 150, and the supplementary information set out on page 151 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

KOH SZE HAW]
Subscribed and solemnly declared by]
the abovenamed at Petaling Jaya]
on 26th November 2013]

Before me,

GAUTHI KHOR (B 344)
Commissioner for Oaths

INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF POH KONG HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of Poh Kong Holdings Berhad, which comprise the statements of financial position as at 31st July 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 65 to 150.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st July 2013 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF POH KONG HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

Report on other Legal and Regulatory Requirements (cont'd)

- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 151 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. As stated in Note 2 to the financial statements, the Group and the Company adopted the Malaysian Financial Reporting Standards on 1st August 2012 with a transition date of 1st August 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31st July 2012 and 1st August 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31st July 2012 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31st July 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1st August 2012 do not contain misstatements that materially affect the financial position as at 31st July 2013 and the financial performance and cash flows for the financial year then ended.
2. The financial statements of the Group and of the Company for the financial year ended 31st July 2012 were audited by another firm of chartered accountants whose report dated 22nd November 2012, expressed an opinion without any modification on those financial statements.
3. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng

No. AF 0117

Chartered Accountants

Kuala Lumpur

Date: 26th November 2013

Lock Peng Kuan

No. 2819/10/14 (J)

Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

AS AT 2 DECEMBER 2013

Authorised Share Capital	:	RM500,000,000
Paid-up & Issued Share Capital	:	RM205,175,876
Class of Share	:	Ordinary Share of RM0-50 each
Voting Right	:	1 vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 2 DECEMBER 2013

Size of shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 - 99	100	2.68	4,946	-
100 - 1,000	288	7.72	171,644	0.04
1,001 - 10,000	1,765	47.28	10,373,102	2.53
10,001 - 100,000	1,390	37.24	44,093,418	10.75
100,001 - 20,517,586 (*)	189	5.06	116,499,756	28.39
20,517,587 and above (**)	1	0.03	239,208,886	58.29
Total	3,733	100.00	410,351,752	100.00

Remark : * - Less than 5% of issued holdings
 ** - 5% and above of issued holdings

30 LARGEST SHAREHOLDERS AS AT 02 DECEMBER 2013

No.	Name	No. of Ordinary Shares of RM0.50 each	% of Shares
1	Poh Kong Sdn. Bhd.	239,208,886	58.29
2	Choon Yee Seiong	11,304,746	2.75
3	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai (Margin)	11,000,000	2.68
4	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Teo Kwee Hock (Margin)	10,910,600	2.66
5	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore For British and Malayan Trustees Limited (Yeoman 3-Rights)	10,375,000	2.53
6	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Choon Nee Siew (M & A)	4,700,000	1.15
7	HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-Asing)	4,000,000	0.97
8	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	3,107,400	0.76

ANALYSIS OF SHAREHOLDINGS

AS AT 2 DECEMBER 2013

30 LARGEST SHAREHOLDERS AS AT 02 DECEMBER 2013 (cont'd)

No.	Name	No. of Ordinary Shares of RM0.50 each	% of Shares
9	Choon Wan Joo	2,320,080	0.57
10	Hon Wee Fong	2,079,666	0.51
11	Tawaria Sdn Bhd	2,000,000	0.49
12	Cheong Teck Chong	1,960,328	0.48
13	Haw Yoo Hoon	1,933,800	0.47
14	Public Nominees (Asing) Sdn Bhd Pledged Securities Account For Tan Chee Wee (E-JBU)	1,800,000	0.44
15	Maybank Nominees (Asing) Sdn Bhd Exempt An For DBS Bank Limited (Client A/C)	1,720,000	0.42
16	Lee Guan Huat	1,664,400	0.41
17	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd For Lim Mee Hwa	1,625,000	0.40
18	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Choon Yoke Ying (M & A)	1,390,000	0.34
19	Tan Kim Chai	1,311,400	0.32
20	Tan Boon Hooi	920,000	0.22
21	Lim Chee Ting	800,000	0.19
22	Kenanga Nominees (Asing) Sdn Bhd Monex Boom Securities (HK) Limited For Pickers Capital Ltd	755,000	0.18
23	Tan Ai Guat	745,200	0.18
24	Siow Der Ming	616,118	0.15
25	Tan Kim Chai	600,000	0.15
26	Wong Sing Wah	597,800	0.15
27	Teoh Hooi Bin	506,700	0.12
28	Kee Cheng Teik	500,000	0.12
29	Soon Chong Boon	500,000	0.12
30	Teo Chin Huat	495,000	0.12
	Total	321,447,124	78.34

ANALYSIS OF SHAREHOLDINGS

AS AT 2 DECEMBER 2013

SUBSTANTIAL SHAREHOLDINGS AS AT 2 DECEMBER 2013 (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY)

Names	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Poh Kong Sdn Bhd	239,208,886	58.29	-	-
Dato' Choon Yee Seiong	11,392,246	2.77	250,637,528 ⁽¹⁾	61.09
Choon Nee Siew	4,706,742	1.15	253,764,072 ⁽⁴⁾	61.84
Cheong Teck Chong	2,273,928	0.55	239,769,648 ⁽²⁾	58.43
Choon Wan Joo	2,320,080	0.57	256,722,102 ⁽⁵⁾	62.56
Datin Hon Wee Fong	2,079,710	0.50	251,469,544 ⁽³⁾	61.25
Choon Yoke Ying	1,395,072	0.34	257,954,998 ⁽⁵⁾	62.86
Choon Yee Bin	200,030	0.05	258,397,534 ⁽⁶⁾	62.97
Mohd Anuar Choon Bin Abdullah	30	0.00	258,367,034 ⁽⁶⁾	62.96
Estate of Choon Yee Fook	82	0.00	259,225,064 ⁽⁷⁾	63.17
Choong Bee Chu	-	-	259,249,566 ⁽⁹⁾	63.18
Chong Siew Loi @ Chong Kim Loi	103,012	0.03	241,482,814 ⁽¹⁰⁾	58.85
Cheong Poh See	37,750	0.01	246,196,556 ⁽¹¹⁾	60.00
Cheong Chee Kong	7,000	0.00	246,247,306 ⁽¹¹⁾	60.01
Choon Ching Yih	1,896	0.00	256,894,668 ⁽⁸⁾	62.60
Cheong Chee Khoon	-	-	246,234,306 ⁽¹¹⁾	60.01
Choon King Han	265,000	0.07	253,140,842 ⁽¹²⁾	61.67
Pang Cheow Mooi	413,000	0.10	241,482,814 ⁽¹³⁾	58.85
Elizabeth Choon Ee Ling	230,000	0.06	253,405,842 ⁽¹²⁾	61.70
Choon Ee Teng	230,000	0.06	253,405,842 ⁽¹²⁾	61.70

Notes:

- Deemed interested by virtue of the shareholding of his spouse, child, siblings and his substantial shareholding in Poh Kong Sdn Bhd ["PKSB"] pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of the substantial shareholding of his spouse, sibling and children's direct shareholding in PKHB and his substantial shareholding in PKSB pursuant to Sections 6A of and 122A the Act.
- Deemed interested by virtue of the shareholding of her spouse, child, sibling and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of the shareholding of her siblings, children and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of the shareholding of her spouse, siblings and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of the shareholding of his spouse, siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of the shareholding of his siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of the shareholding of her siblings and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of the shareholding of her spouse, siblings, children and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of her brother's direct shareholding in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A of and 122A the Act.
- Deemed interested by virtue of the shareholding of his/her siblings and parent's substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of the shareholding of his/her parent's substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
- Deemed interested by virtue of her spouse's direct shareholding in PKHB and the substantial shareholding in PKSB by virtue of Sections 6A and 122A of the Act.

ANALYSIS OF SHAREHOLDINGS

AS AT 2 DECEMBER 2013

DIRECTORS' SHAREHOLDINGS AS AT 2 DECEMBER 2013 (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDING OF THE COMPANY)

Names	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Choon Yee Seiong	11,392,246	2.77	250,637,528 ⁽¹⁾	61.09
Choon Nee Siew	4,706,742	1.15	253,764,072 ⁽²⁾	61.84
Cheong Teck Chong	2,273,928	0.55	239,769,648 ⁽³⁾	58.43
Choon Yee Bin	200,030	0.05	258,397,534 ⁽⁴⁾	62.97
Chang Kwong Him	295,006	0.07	1,395,072 ⁽⁶⁾	0.34
Siow Der Ming	616,118	0.15	2,320,080 ⁽⁷⁾	0.57
Fazrin Azwar Bin Md. Nor	35,000	0.00	-	-
Dr Choong Tuck Yew	217,500	0.05	155,000 ⁽⁵⁾	0.04
Datin Yue Shou How, Shirley	-	-	-	-

Notes:

1. Deemed interested by virtue of the shareholdings of his spouse, children and siblings in Poh Kong Holdings Berhad ("PKHB") and his substantial shareholding in Poh Kong Sdn Bhd ("PKSB") pursuant to Sections 6A, 134 (12) (c) and 122A of the Act.
2. Deemed interested by virtue of the shareholdings of her siblings and children in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A, 134 (12) (c) and 122A of the Act.
3. Deemed interested by virtue of the shareholdings of his children and his substantial shareholding in PKSB pursuant to Sections 6A and 134 (12) (c) of the Act.
4. Deemed interested by virtue of the shareholding of his spouse, siblings and his shareholding in PKSB pursuant to Sections 6A and 122A of the Act.
5. Deemed interested by virtue of the shareholding of his spouse in PKHB.
6. Deemed interested by virtue of the shareholding of his spouse in PKHB.
7. Deemed interested by virtue of the shareholding of his spouse in PKHB.

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31ST JULY 2013

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG JEWELLERS SDN BHD							
Lot 10, PN3792, Section 9 Township of Petaling Jaya District of Kuala Lumpur Selangor Darul Ehsan	Single storey detached house incorporating attic floor	Leasehold (Expiring in 2053)	Residential	1,024.6 square metres	Approximately 41 years	2,500,000	27.12.94
No.7, Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan							
Lot 10, PN7185, Section 25 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	4- storey shopoffice	Leasehold (Expiring in 2058)	Shophouse	174.1875 square metres	Approximately 41 years	4,500,000	5.1.95
No.20, Jalan 52/4, 46200, Petaling Jaya Selangor Darul Ehsan							
G-23 & G-25 Ground Floor, Amcorp Mall 46050 Petaling Jaya Selangor Darul Ehsan	Commercial shoplot	Leasehold (Expiring in 2088)	Shopping Complex Lot	G-23: 517 sq ft G-25: 495 sq ft	15 years	2,550,000	20.6.95
G27 and G53 Star Parade, Alor Setar	Commercial shoplot	Leasehold (Master Title Expiring in 2088 - pending issuance of strata title)	Shopping Complex Lot	G27: 463 sq ft G28: 452 sq ft	16 years	1,300,000	4.2.03
H.S.(D) 153914, PT10, Bandar Petaling Jaya Daerah Petaling Selangor Darul Ehsan	4 - storey shopoffice	Leasehold (Expiring in 2067)	Shophouse	174.1875 square metres	Approximately 41 years	3,750,000	14.8.09
No.10, Jalan 52/4, 46200, Petaling Jaya Selangor Darul Ehsan							

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31ST JULY 2013

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG JEWELLERS (SS2) SDN BHD							
Lot 25674, HS(D) 87319 Bandar Petaling Jaya District of Petaling Selangor Darul Ehsan	An intermediate unit of 3-storey shophouse	Freehold	Shophouse	156.07 square metres	Approximately 36 years	4,600,000	15.5.89
No.21, Jalan SS2/55 47300 Petaling Jaya Selangor Darul Ehsan							
Lot 25673, HS(D) 174414 Bandar Petaling Jaya District of Petaling Selangor Darul Ehsan	An intermediate unit of 3-storey shophouse	Freehold	Shophouse	156.07 square metres	Approximately 36 years	4,600,000	28.8.08
No.23, Jalan SS2/55 47300 Petaling Jaya Selangor Darul Ehsan							
POH KONG JEWELLERY MANUFACTURER SDN BHD							
PT 17654, HS(D) 142709 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Double-storey detached with basement	Freehold	Office cum Factory	7,570.31 square metres	12.5 years	17,000,000	1.9.95
Lot 1, Jalan Astaka US/81 Seksyen U8 40150 Shah Alam, Selangor							
PT 3867, HS(M) 10549 Mukim of Sungai Buluh District of Petaling Selangor Darul Ehsan	Agricultural land with a detached building	Leasehold (Expiring in 2070)	Residential	0.6146 hectare	24 years	2,500,000	15.8.97
No.276, Jalan 4D, Kampung Baru Subang, Shah Alam, Selangor							
POH KONG JEWELLERS (KLANG) SDN BHD							
PT 5999, HS(D) 57880, Mukim Kapar, District of Klang Selangor Darul Ehsan	Single storey terrace house	Freehold	Residential	0.0121 Hectare	N/A	160,000	30.7.02
No.30, Jalan Sungai Keramat 7A Taman Klang Utama 42100 Klang Selangor Darul Ehsan							
PT 71, HS(D) 38993 Mukim Kapar, District of Klang Selangor Darul Ehsan	Double storey bungalow	Leasehold (Expiring in 2088)	Residential	1,649.4395 square metres	N/A	2,000,000	30.7.02
No.8, Jalan 9/5E 40100 Shah Alam Selangor Darul Ehsan							

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31ST JULY 2013

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD							
LG-48, Lower Ground Floor The Summit, Subang USJ 47600 Subang Jaya Selangor Darul Ehsan	Commercial shoplot	Freehold	Shopping Complex Lot	51.19 square metres	16 years	900,000	6.2.95
G-13, Ground Floor Summit Parade 83000 Batu Pahat Johor Darul Takzim	Commercial shop lot	Freehold	Shopping Complex Lot	100 square metres	20 years	753,000	30.8.94
G-14, Ground Floor Mahkota Parade Jalan Merdeka 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2090)	Shopping Complex Lot	83.98 square metres	21 years	2,000,000	3.3.99
G-29, Ground Floor Mahkota Parade Jalan Taman 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2090)	Shopping Complex Lot	103.96 square metres	21 years	2,240,000	13.3.99
Parcel No. GF119 and GF120 Ground Floor Queensbay Shopping Mall	Commercial shoplot	Leasehold (Expiring in 2095)	Shopping Complex Lot	GF119: 565 sq ft GF120: 565 sq ft	7 years	2,400,000	10.6.96
Lot 27 and G28 Ground Floor Kuantan Parade, Jalan Haji, Abdul Rahman, 25000 Kuantan	Commercial shoplot -pending completion of acquisition	Leasehold (Expiring in 2092)	Shopping Complex Lot	GF27: 451 sq ft GF28: 484 sq ft	Approximately 15 years	2,100,000	21.4.08
Lot G-19, Ground Floor Subang Parade 47500 Subang Jaya Selangor Darul Ehsan	Commercial shoplot	Freehold Complex Lot	Shopping	139.3 square metres	Approximately 29 years	3,300,000	26.1.99
Unit No.8-10, 8th Floor Pangsapuri Seri Indah Jalan Sungai Besi Indah 3 Taman Sungai Besi Indah Section U6 43300 Sri Kembangan Selangor	Condominium	Leasehold (Expiring in 2090)	Residential	108.41 square metres	13 years	190,000	17.2.01
No. 1C-9-20, 9th Floor Pearl Point Condominium Jalan Sepadu 3, Block C Batu 5, Jalan Kelang Lama 58000 Kuala Lumpur	Condominium	Freehold	Residential	100 square metres	16 years	320,000	21.11.94
6352, PN 11986 Mukim of Bukit Baru District of Melaka Tengah Melaka	An intermediate unit of single- storey terrace house	Leasehold (Expiring in 2086)	Residential	130 square metres	Approximately 21 years	115,000	15.8.97
302-L, Taman Bukit Baru 75450 Bukit Beruang Melaka							

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31ST JULY 2013

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD (cont'd)							
PT 16, HS(D) 143184 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2059)	Shophouse	174.1875 square metres	Approximately 41 years	4,250,000	6.6.00
No.16, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan							
Lot 18, HS(D) 142695 (formerly QT(R)84/60) Section 25 (formerly PJ 24/60) Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2060)	Shophouse	174.1875 square metres	Approximately 41 years	4,000,000	17.2.89
No.18, Jalan 52/4 46200 Petaling Jaya Selangor							
1262 Lorong S2 A35/1 Central Park Seremban 70300 Seremban Negeri Sembilan	Double storey 2 house	Freehold	Residential	154 square metres	Approximately 13 years	220,000	12.11.09
Lot 11, HS(D) 164904 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	An intermediate unit of single- storey terrace house	Leasehold (Expiring in 2068)	Residential	153.285 square metres	Approximately 41 years	450,000	22.9.92
No.11, Jalan 14/15 (Jln Dato Jamil Rais) Seksyen 14, 46100 Petaling Jaya Selangor Darul Ehsan							
PT 16955, HS(M) 9168 Mukim of Damansara District of Petaling Selangor Darul Ehsan	An intermediate unit of double-storey terrace house	Leasehold (Expiring in 2095)	Residential	160 square metres	Approximately 18 years	700,000	11.7.97
No.36, Jalan PJS 9/26 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan							
PT 1113 (Lot 7027) HS(D) 6774 Mukim of Damansara District of Petaling Selangor Darul Ehsan	An intermediate unit of double-storey terrace house	Freehold	Residential	163.5 square metres	Approximately 28 years	750,000	10.6.95
No.87, Jalan SS17/2 47500 Subang Jaya Selangor Darul Ehsan							

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31ST JULY 2013

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD (cont'd)							
Lot 26451 PN807/M7/4/241 Mukim of Ampang District of Hulu Langat Selangor Darul Ehsan	Apartment	Leasehold (Expiring in 2088)	Residential	95 square metres	21 years	215,000	15.7.97
No.33, 3rd Floor, Block Melor Apartment Desa 288 Persiaran Memanda 1 Taman Dato' Ahmad Razali 68000 Ampang, Selangor							
No.33-A-8-7, 8th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	107.13 square metres	19 years	370,000	27.3.00
No.33-A-17-5, 17th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	106.65 square metres	19 years	390,000	6.4.96
PN10310, Lot 73 Seksyen 20, Bandar Petaling Jaya, Selangor Darul Ehsan	Semi-Detached Corporate Factory	Leasehold	Factory	31008.9881 square metres	N/A	6,938,460	30.5.13
Lot No.18, Section 51, Petaling Jaya, Selangor Darul Ehsan							
JUNGMAX PROPERTY SDN BHD							
Lot PT31176, HS(M)23999 Mukim and District of Kelang Selangor Darul Ehsan	Agricultural land	Leasehold (Expiring in 2092)	Agricultural land zoned for residential land use	2.00 acres	N/A	565,000	24.11.98

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of **POH KONG HOLDINGS BERHAD** (Company No. 586139-K) will be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 10 January 2014 at 10.00 a.m for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 July 2013 and the Reports of Directors and Auditors thereon.
2. To declare a First and Final Single Tier Dividend of 1.40 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 July 2013. (Resolution 1)
3. To approve the payment of Directors' fees for the financial year ended 31 July 2013. (Resolution 2)
4. To re-elect the following Directors retiring under Article 80 of the Articles of Association:-
 - a) Cheong Teck Chong (Resolution 3)
 - b) Choon Nee Siew (Resolution 4)
 - c) Fazrin Azwar Bin Md Nor (Resolution 5)
5. To re-appoint Dr Choong Tuck Yew who retires in accordance with Section 129(2) of the Companies Act, 1965. (Resolution 6)
6. To reappoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 7)

7. SPECIAL BUSINESS:-

To consider and if thought fit, to pass, with or without modifications the following resolutions:

7.1 Authority to Directors to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities." (Resolution 8)

7.2 Retention of Independent Director, Dr Choong Tuck Yew

"**THAT** Dr Choong Tuck Yew be and is hereby retained as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." (Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING

7.3 Retention of Independent Director, Fazrin Azwar Bin Md Nor

“**THAT** Fazrin Azwar Bin Md Nor be and is hereby retained as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012.”

(Resolution 10)

7.4 Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)

“**THAT** the Company and/or its subsidiaries be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3.3 of the Circular to Shareholders dated 19 December 2013, provided that such arrangements and/or transactions which are necessary for the Group’s day-to-day operations are undertaken in the ordinary course of business, at arm’s length basis, on normal commercial terms and on prices and terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

(Resolution 11)

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders’ Mandate.

AND FURTHER THAT such authority shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which such Proposed Renewal of Shareholders’ Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“the Act”) (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.”

ANY OTHER BUSINESS

To transact any other business of the Company for which due notice shall have been given in accordance with the Company’s Articles of Association and the Companies Act, 1965.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Single Tier Dividend of 1.40 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 July 2013 will be payable on 7 March 2014 to Depositors registered in the Record of Depositors at the close of business on 14 February 2014 .

A Depositor shall qualify for entitlement only in respect of:

- a. Shares transferred to the Depositor's Securities Account before 4.00 pm on 14 February 2014 in respect of ordinary transfers; and
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

NG YIM KONG (LS 0009297)

Company Secretary

Petaling Jaya

Date : 19 December 2013

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company.*
2. *A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.*
3. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Registered Office c/o Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the member subsequently wish to do so.*

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Ordinary Business

Resolution 6

Re-appointment of Director over 70 years of age

The proposed Ordinary Resolution No. 6 under item 5 of the Agenda is in accordance with Section 129(2) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Dr Choong Tuck Yew who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. This resolution must be passed by a majority of not less than three-fourth of such Members of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the Annual General Meeting of the Company.

Explanatory Notes on Special Business

Resolution 8

Authority to Directors to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution No. 8 under item 7.1 of the Agenda, if passed, will give the Directors of the Company from the date of the above Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

The general mandate sought to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Tenth Annual General Meeting held on 31 January 2013. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Tenth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

Resolution 9 and 10

Retention of Independent Directors

The Board has assessed the independence of Dr Choong Tuck Yew and Encik Fazrin Azwar Bin Md Nor who served on the Board of Directors as Independent Non-Executive Director for more than nine (9) years. According to the Malaysian Code On Corporate Governance 2012, an Independent Director in such a situation will be redesignated as a Non-Independent Director upon completion of the nine (9) years tenure. Alternatively, the Board may, if it is so justified, seek shareholders' approval to retain the Director concerned as an Independent Director. The Board has recommended that shareholders' approval be obtained at the Eleventh Annual General Meeting of the Company to retain Dr Choong Tuck Yew and Encik Fazrin Azwar Bin Md Nor as Independent Directors as they possess the necessary expertise, experience and the special knowledge of the Company's operations that are required in the discharge of their duties and responsibilities in the best interest of the Company.

Resolution 11

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Please refer to the Circular on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 19 December 2013 for further information.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 6 January 2014. Only a depositor whose name appears on the Record of Depositors as at 6 January 2014 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

STATEMENT ACCOMPANYING NOTICE OF ELEVENTH _____ ANNUAL GENERAL MEETING

Details of the Directors who are standing for re-election or re-appointment at the Eleventh Annual General Meeting of Poh Kong Holdings Berhad are laid out in page 16 to 21 of this Annual Report.

- i. Cheong Teck Chong
- ii. Choon Nee Siew
- iii. Fazrin Azwar Bin Md Nor
- iv. Dr Choong Tuck Yew

POH KONG HOLDINGS BERHAD

(Company No.: 586139-K)
(Incorporated in Malaysia)

FORM OF PROXY

I/We _____
of _____
being a member/members of **POH KONG HOLDINGS BERHAD** hereby appoint * the Chairman of the meeting or _____
of _____
or failing whom _____
of _____
as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 10 January 2014 at 10.00 a.m and at any adjournment thereof for/against * the resolution(s) to be proposed thereat.

*My/*our Proxy(ies) is/are to vote as indicated below:-

No.	Ordinary Business	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 July 2013 and the Reports of Directors and Auditors thereon.		
2.	To declare a First and Final Single Tier Dividend of 1.40 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 July 2013. (Resolution 1)		
3.	To approve the payment of Directors' fees for the financial year ended 31 July 2013. (Resolution 2)		
4.	To re-elect the following Directors retiring under Article 80 of the Articles of Association:- a) Cheong Teck Chong (Resolution 3) b) Choon Nee Siew (Resolution 4) c) Fazrin Azwar Bin Md Nor (Resolution 5)		
5.	To re-appoint Dr Choong Tuck Yew who retires in accordance with Section 129(2) of the Companies Act, 1965. (Resolution 6)		
6.	To reappoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 7)		
Special Business			
7.	a. Authority to Directors to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 8)		
	b. Retention of Independent Director, Dr Choong Tuck Yew (Resolution 9)		
	c. Retention of Independent Director, Fazrin Azwar Bin Md Nor (Resolution 10)		
	d. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 11)		

[Please indicate with (X) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion]

Dated this _____ day of _____ 2013/2014

Number of shares held :

[Signature/Common Seal of Shareholder]

[* Delete if not applicable]

Notes:

1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company.
2. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Registered Office c/o Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
7. The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the member subsequently wish to do so.

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The Company Secretary

Poh Kong Holdings Berhad (586139-K)
Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
47410 Petaling Jaya, Selangor Darul Ehsan

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